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West Lindsey District Council

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AGENDA

This meeting will be streamed live (at the below link) and the video archive published on our website

Corporate Policy and Resources Committee
Thursday, 5th November, 2020 at 6.30 pm
Council Chamber - The Guildhall

Web address: https://west-lindsey.public-i.tv/core/portal/home

Members*: Councillor Giles McNeill (Chairman)
Councillor Mrs Anne Welburn (Vice-Chairman)
Councillor Owen Bierley
Councillor Matthew Boles
Councillor Stephen Bunney
Councillor David Cotton
Councillor Michael Devine
Councillor Ian Fleetwood
Councillor Paul Howitt-Cowan
Councillor John McNeill
Councillor Mrs Mandy Snee
Councillor Jeff Summers
Councillor Robert Waller
Councillor Trevor Young

* The committee is subject to proposed changes at Full Council on November 2nd

1. **Register of Attendance**
2. **Public Participation Period**
3. **Declarations of Interests**
4. **Minutes of Previous Meeting(s)** (PAGES 3 - 18)
   To approve the minutes of the Corporate Policy and Resources Committee held on 17 September 2020.

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

Large Clear Print: Braille: Audio: Native Language

To note the minutes of the Joint Staff Consultative Committee meetings held on 3 September 2020 and 1 October 2020.

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.

Ian Knowles
Head of Paid Service
The Guildhall
Gainsborough

Wednesday, 28 October 2020

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Corporate Policy and Resources Committee held virtually via Virtual - MS Teams on 17 September 2020 commencing at 6.30 pm.

Present:

Councillor Mrs Anne Welburn (Vice-Chairman)

Councillor Owen Bierley
Councillor Matthew Boles
Councillor Stephen Bunney
Councillor David Cotton
Councillor Michael Devine
Councillor Ian Fleetwood
Councillor Paul Howitt-Cowan
Councillor John McNeill
Councillor Mrs Mandy Snee
Councillor Jeff Summers
Councillor Robert Waller
Councillor Trevor Young

In Attendance:

Ian Knowles	Chief Executive
Alan Robinson	Director of Corporate Services and Monitoring Officer
Ady Selby	Assistant Director of Commercial and Operational Services
Alison McCulloch	Revenues Manager

Apologies: Councillor Giles McNeill

25 REGISTER OF ATTENDANCE

The Register of Attendance for Members and Officers was undertaken by the Democratic Services Officer and apologies were noted.

26 PUBLIC PARTICIPATION PERIOD

There was no public participation.

27 DECLARATIONS OF INTEREST

Councillor D. Cotton declared a personal interest in relation to agenda item 6a (Debt

Management Policy) and clarified that in his role in the Courts he was not able to sit on any case related to the Council. He also highlighted that, in relation to mention of religion in the Budget Consultation paper (agenda item 6c), he was a priest in the diocese of Lincoln.

28 MINUTES OF PREVIOUS MEETING/S

For Approval:

a) Meeting of the Corporate Policy and Resources Committee – 23 July 2020

RESOLVED that the Minutes of the Meeting of the Corporate Policy and Resources Committee held on 23 July 2020 be confirmed as a correct record.

b) Meeting of the Concurrent Meeting of Prosperous Communities and Corporate Policy and Resources Committees – 16 July 2020

RESOLVED that the Minutes of the Concurrent Meeting held on 16 July 2020 be confirmed as a correct record.

29 MATTERS ARISING SCHEDULE

The Democratic Services Officer introduce the current Matters Arising Schedule and highlighted that all matters had been completed. With no comments or questions, the Matters Arising Schedule was **NOTED**.

30 DEBT MANAGEMENT POLICY

The Chairman invited the Revenues Manager to introduce the first of the public reports for the evening. The Revenues Manager explained the purpose of the report was to seek to clarify the Council's policy relating to debt management of all the Council's debts. The existing policies had been collated into this one policy for ease of use and consistency across the board.

Members enquired as to what actions had been taken regarding debt recovery during the pandemic as it was felt it was important to be somewhat lenient given the circumstances. It was confirmed that all recovery action had been postponed until the end of May 2020, at which point reminder letters had resumed. However, these had been reminder letters rather than statutory action letters. The Revenues Manager explained that in some cases, particularly for those who had been long-term furloughed or made redundant, payment terms had been extended or payments had been reduced. It was also possible for those really struggling to apply for hardship relief.

A Member of Committee enquired as to whether it would be possible to see a snapshot of the figures coming through the performance management indicators, not as a target figure but to give Members an overview of recovery action taken. The Revenues Manager confirmed this could be undertaken. There was discussion as to action to be taken should there be any concerns about Council Members not paying, for example, Council Tax. The

Monitoring Officer confirmed there were options available should the situation arise.

With no further discussion it was

RESOLVED that:

a) the Debt Management Policy be approved; and

b) minor policy changes be authorised by the Section 151 Officer under delegated powers.

31 THE COUNCIL TAX DISCRETIONARY HARDSHIP POLICY (SECTION 13A)

The Revenues Manager introduced her second report in relation to the Council Tax Discretionary Hardship Policy (Section 13A). She explained that the new policy included all elements of the hardship relief and combined all various awards into one policy rather than separate policies.

With regards to the recommendations, a Member proposed an amendment to recommendation two in line with the usual practice of consulting with the Chairman of the Committee with regards to any housekeeping changes. On being seconded and voted upon it was

RESOLVED that recommendation two be amended to read:

That minor housekeeping amendments to the policy be undertaken by the Section 151 Officer under delegated powers in consultation with the Chairman of the Corporate Policy and Resources Committee.

A Member of the Committee noted that the same amendment would have been suitable for the previous item. The Chief Executive confirmed that even without the specific wording, Officers would be sure to follow the agreed process for such amendments. Members thanked him for this clarification.

Members of the Committee continued to discuss the policy and noted the inclusion of the risk of fire damage to a property as a positive. The Revenues Manager explained that this had been included as there had been a couple of occasions where this had happened but there had been no discount the team could have awarded. She stated that although it was a rare occurrence, it was a positive to be able to assist residents in such situations. It was also clarified that, as with residents affected by flooding, there had to be proof provided that the council tax liability was not covered by their insurance. If the insurance would cover it, they would not be eligible for the discount.

In response to a final question regarding oversight of awards made under the policy, the Revenues Manager explained that applications were considered by two Senior Officers, all awards given were logged on the system and it was also reported through the Section 151 Officer via budget monitoring.

Having been moved and seconded, it was unanimously

RESOLVED that:

a) the Council Tax Discretionary Hardship Policy (Section 13A) be approved; and

b) minor housekeeping amendments to the policy be undertaken by the Section 151 Officer under delegated powers in consultation with the Chairman of the Corporate Policy and Resources Committee; and

c) individual applications for Section 13A Discretionary Relief be determined by the Section 151 Officer under delegated powers; and

d) it be **RECOMMENDED** to the Governance and Audit Committee that the Constitution be amended in order to allow that, in the event of an appeal, they be considered by the Chief Executive in consultation with the Leader of the Council.

32 BUDGET CONSULTATION 2020

The Business Support Team Leader introduced the Budget Consultation 2020. She highlighted the key points of interest were included in the executive summary and explained this year had seen a new initiative to record online Question and Answer sessions which had proved worthwhile. There had been an increased response rate on previous years and where there had been a low response rate from local businesses, it was intended to do an online consultation with business rate customers.

A Member of Committee enquired as to the reason behind the increased rate of response, suggesting the pandemic may have had an impact as much as the amended methods of communication. He also asked whether anything was being done to engage with younger residents as the breakdown of responses showed a clear majority of older respondents. In addition, it was shown that only two District Councillors responded to the consultation and he enquired how that compared with previous years. It was noted that Councillors may have responded under other guises, such as a resident or a member of the Citizen Panel.

The Business Support Team Leader explained that the increase in responses was most likely a combination of factors, including the effect of the pandemic creating a somewhat captive audience as well as the alternative communications. She stated that it was important to build on the success this year and work to engage with under-represented groups for the next consultation. It was suggested that the categorisation of 'District Councillor' may not be required and this would be reviewed during the planning for the next consultation.

Having been proposed and seconded, it was

RESOLVED that the results of the Budget Consultation 2020 be accepted and the results and comments be considered during the budget setting process 2021/22.

33 COMMITTEE WORK PLAN

The Committee Work Plan was **NOTED.**

34 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 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.

Note: The meeting adjourned at 7.29pm

35 FARMERS' MARKET RENTS DECISION

Note: The meeting reconvened at 7.31pm

The Assistant Director of Commercial and Operational Services introduced the report regarding the need to make a decision on charges for trading on the Farmers' Market from October 2020 to March 2021. He explained the background to the previous decision and the need to review that decision at this point. He emphasised the importance of ensuring the continued success of the markets as well as supporting the local High Street shops and businesses.

There was widespread support for the Officer recommendation to continue to offer free rents to Farmers' Market trader until the end of March 2021 however it was suggested that this be caveated with the assertion the market should remain in the Market Place for the duration of this arrangement. The Chief Executive highlighted that the purpose of the move had been to adhere to social distancing and as such, it was unlikely to move from the Market Place whilst those restrictions remained. The amendment to recommendation was moved, seconded and taken to the vote and it was

RESOLVED that recommendation one should read:

"Continue to offer free rents to Farmers' Market traders until the end of March 2021 provided the Farmers' Market remains in the Market Square."

Through the course of discussions there was significant praise for the management of the markets and it was requested that the Officer responsible be sent a message of thanks on behalf of the Committee. This was agreed by the Assistant Director of Commercial and Operational Services and Chief Executive to be completed.

Members of the Committee discussed the current difficulties with continuing with wider publicised events and how the focus should be on maintaining the current market successfully with a view to building more events in next year. It was agreed there would be a paper brought to Committee in February 2021 to look further at future options. A Member of Committee enquired whether there would be any merit in running a Working Group to look at markets across the district. The Chairman confirmed comments and suggestions, where possible, would be considered either through Chair's Briefing or by the Assistant Director.

RESOLVED that:

a) the offer of free rents to Farmers' Market traders be continued until the end of March 2021 provided the Farmers' Market remains in the Market Square; and

b) a further report regarding the re-introduction of charges for both the general and Farmers' Market be brought to the Committee in February 2021.

The meeting concluded at 8.16 pm.

Chairman

WEST LINDSEY DISTRICT COUNCIL

MINUTES of a Meeting of the Joint Staff Consultative Committee held via MS Teams on Thursday, 3 September 2020 commencing at 4.00 pm.

Members:	Councillor David Cotton (Chairman) Councillor Mrs Jackie Brockway Councillor Mrs Jessie Milne
Representatives of Union members:	James Deacon
Representatives of Non-union staff:	Amy Potts
In attendance:	Alan Robinson, Director of Corporate Services and Monitoring Officer Ady Selby, Assistant Director of Commercial and Operational Services Emma Redwood, People and Organisational Development Manager Robert Gilliot, Waste and Recycling Team Manager Katie Storr, Senior Democratic & Civic Officer
Apologies:	Councillor Matthew Boles Rachel Parkin, Home Choices Team Manager (Vice-Chairman)

9 **REGISTER OF ATTENDANCE**

Due to the more informal nature of the meeting and the limited number of people in attendance, the Chairman with agreement from the Committee, forwent the formal roll-call to confirm attendance. Apologies were noted, as detailed above.

The Vice-Chairman, in her absence, had a requested a short note be read out on her behalf, advising of the reasons why she couldn’t be present as planned, and passing on her good wishes to the Committee during her absence.

The Chairman and all Committee Members in turn, wished the Vice-Chairman well, and requested that congratulations cards be sent at the appropriate time, on behalf of the Committee.

10 **MEMBERS' DECLARATION OF INTEREST**

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

11 MINUTES

RESOLVED that the minutes of the meeting of the Joint Staff Consultative Committee held on Thursday, 2 July 2020 be approved as an accurate record.

12 MATTERS ARISING SCHEDULE

There were no outstanding matters arising.

13 NEW OPERATIONAL DEPOT UPDATE

The Committee gave consideration to a report which sought to update Members on the progress been made in regards to the New Depot Facility which had now received approval by both the Corporate Policy and Resources Committee and Planning Committee to proceed.

The report was supported by a short presentation given to the Committee by Mr Rob Gilliot, during which Members were reminded of the need basis for the new development, the chosen site, and the site layout. Members noted the much needed improved facilities this would afford the operative staff and of the numerous risk reduction measures, and future proofing which had been built in to the site. The Committee were shown both slides of the elevation views and the floor plans for the new facility.

It was noted that consultation had been undertaken with effected staff at every stage of the process, a depot Project Group was set up at the outset of the project and met on a regular basis to review progress, provide updates on key actions and milestones and set future tasks and deadlines.

Operational staff had been consulted and engaged at every stage via a number of different methods including team meetings, a new depot bulletin board, letters and a suggestion box. Staff had been encouraged to offer up suggestions and feedback on the plans and designs.

Relocation costs were under active discussion and consideration by the project group. Several options were being developed and staff would be fully consulted throughout the process. The Unions had also been updated and engaged throughout.

The update provided JSCC the opportunity to seek assurance that all relevant matters and views were being taken into consideration as the project developed and the completed site opened – currently scheduled for September 2021.

Debate ensued and all Members of the Committee welcomed the improved conditions the new facility would see the operative staff have access to, all agreed that these improvements were well over-due.

In response to questions, the Officer confirmed that they had undertaken a profile of staff to identify who would most likely be effected by the change in location, and how for example non-drivers could be accommodated. Officers were at the very early stage of negotiations, and were beginning to work through some headline principles. Negotiations at a bespoke individual level would be undertaken later in the process. It was noted that all options were currently on the table. The Human Resources Manager concurred that there had been lots of informal consultation undertaken to-date and staff would continue to engage throughout.

It was also confirmed that paper collections, were only at pilot stage, did not require separate collections and therefore would not have an adverse effect on the depot. Again reference was to the future proofing which had been undertaken in the designing of the facility.

It was also confirmed the new facility did include a drying room.

Finally, in response to questions around the current sweeper vehicles, and where they would be housed, again officers confirmed this matter was still being looked at, and it may be that the current vehicles were replaced with a vehicle that could be used District Wide. Members were reminded why the smaller sweeper had been purchased originally and this need was no longer there.

The Committee indicated that they would welcome a further update report as staff negotiations developed.

RESOLVED that: -

a) the progress report and presentation be received and noted; and

b) A further update report be submitted to the Committee, as staff negotiations develop further.

14 ANNUAL SICKNESS REPORT

The People and Organisational Development Team Manager presented a report which detailed the levels of sickness absence for West Lindsey District Council for the year 2019/20 and 2020/21 year to-date figures, the headline being, that the 19/20 year's performance ended with average absence rate of 6.6 days per FTE, an improvement on the previous year.

Table 2.3 showed that that short term absence in 2019/20 accounted for just under half of the overall absence, with long terms absences accounting for 54% of absences. During 2019/20 (up to the end of March) 21.4% of absence had been attributed to stress anxiety or depression.

Referring to Section 5 of the report, **Absence Split – Operational/Non-Operational based,** the information was still to be populated for 2019/20 and would be provided in a future update report. The same was applicable to Section 7.5 of the report, benchmarking, as data was yet to be received from counterparts.

As indicated at the outset of the People and Organisational Development Team Manager's presentation of the report, data had also been included for the four month period April to July of 20/21. An area that she wished to draw to Members' attention, and which was a concerning trend, was those absences relating to stress, anxiety and depression. In July of this year nearly, 70% of absences had been attributed to one of those factors and whilst August's figures had not been included, the trend was continuing with August's figures likely to be similar.

The People and Organisational Development team continued to work with departments to manage sickness absence. Communication had been sent to all managers and staff with details of the Employee Assistance Programme. Training was also being rolled out to managers so that they understood their responsibilities regarding managing mental health and had the tools to do so.

Discussion ensued and all concurred that it was not surprising that people were now feeling the mental impact of the current Covid situation. There had been an initial adrenaline response in the early pandemic, but as life continued to be affected, resilience was becoming jaded. The cumulative effect of the numerous changes to people's lives appeared now to be having an impact.

The situation would continue to be monitored closely and staff supported appropriately.

The JSCC Committee spoke of the tremendous effort staff had made to keep services going, acknowledging that many had been forced to WFH, whilst home schooling, or supporting elderly relatives for example. New working practices had had to be adopted at a quick pace and staff redeployed to essential services. The Committee considered it vital that staff continued to be thanked for their past and continuing efforts, with every individual be recognised.

The People and Organisational Development Team Manager ensured JSCC'S words of support and encouragement would be included in the latest rounds of the Corporate Update and Staff Communications. She also undertook to provide a further update to the Committee, in respect of sick absences in January 2021.

On that basis it was **RESOLVED** that:

a) the levels of absence for the year April 2019 to March 2020 and also the absence figures for April, May, June, July 2020 year to-date be **NOTED**; and

b) the Committee's thanks and encouragement be communicated to all staff; and

c) a further update report be submitted to the Committee in January 2021.

15 COVID-19 STAFF SURVEY RESULTS

In order to gain a broader understanding of how staff had been affected during this time of uncertainty, a survey had recently been carried out across the organisation (office based staff) between June and July 2020. The report presented the key findings which could be used to help inform how best the organisation could support its staff and how the Authority might move forwards as an organisation.

The survey had been well received, with an overall response rate of 84% (177 responses). In summary, it was clear that the vast majority of staff felt well supported by their manager; that Management Team were trusted to make decisions in the best interests of staff and that the right amount of information was being disseminated across the organisation.

Of particular note was the level of comments praising the regular email updates from the Chief Executive. Staff remarked that these had helped to keep them feeling connected to the organisation throughout the pandemic.

Overall, staff had reported that they were satisfied with their current working arrangements and felt that they had the equipment they needed to work from home.

The majority of staff felt that their productivity had not been affected by the closure of the Guildhall. However, as would be expected under the current circumstances, there had been a number of challenges with staff feeling particularly concerned about balancing working from home with looking after children; social isolation and general worries about the job security and the impact of COVID-19 on their lives.

Whilst the majority of responses had been positive there had been an element of those who had responded who were dissatisfied or struggling. The People and Organisational Development Team Manager gave assurance that the data submitted for each question was available down to an individual level and each Assistant Director had been provided with a report outlining any particular concerns raised by their staff, with individual actions plans being developed.

It was noted that a number of new initiatives had been established in response to the survey findings, for example, a high number of respondents had reported missing the social interaction provided by work. Virtual coffee mornings and lunch breaks had been established, along with a private Facebook Group for all employees.

A number of staff had reported needing an additional equipment and as result all had been encouraged to collect such additional equipment from the Guildhall, monitors, chairs keyboards for example, whilst having to complete a full DSE Assessment.

Assurance was again offered that where responses had been negative, these individuals would be worked with on a personal level.

Employees who sat on the JSCC suggested that the survey should be re-run, as it reflected a moment in time, and was before some freedoms and had been returned and when children were still at home. They anticipated that the results would likely be different, particularly people's views on returning to work, and shared their own current feeling, and that of colleagues they had spoken with.

The People and Organisational Development Team Manger advised that work continued in order to achieve some sort of phased return, capacity continued to be assessed and it was acknowledged that the general feeling seemed to be a split between home and office working would be the preference. That being said, the open plan style of the office and social distancing requirements were not a compatible combination. It was likely there would be a maximum of 30 desks available under current guidelines and these would need to be allocated on some sort of basis, service need and those unable to work from home. Furthermore, the Council's policies of hot-desking and agile working, didn't necessarily suit the "new world". These types of policies were giving rise for concern amongst some employees and added a further level of complexity and anxiety.

Referring to those questions which related to people's concerns or otherwise about returning to the office, it was noted that there were very mixed views and the Committee commented on how it captured the mixed feelings and conflicted emotions which currently existed in society. There was a view that confirming a new normal at the earliest opportunity would likely help relieve some anxiety, however it was also acknowledged that this was very much a moving feast with people's perceptions and views changing all the time. Concerns did not relate to a specific level within the organisation or role.

Management Team were undertaking a real drive to encourage people to reach out and chat. The work of the Recovery Group was outlined together with some of the considerations which were been investigated. Short term fixes would not suffice and changing guidance needed to be taken into consideration.

In response to comments regarding survey fatigue, employees who sat on the JSCC suggested that staff would be keen to undertake another survey and it had allowed them to feel like they had a voice.

Following much debate it was

RESOLVED that:

a) the results of the COVID-19 June-July Staff Survey be noted;

b) a further survey be undertaken in coming months, with the results being reported to the Committee in January 2021.

16 **WORK PLAN**

The People and Organisational Development Manager presented the workplan which was currently up to-date

The workplan was therefore **NOTED** with the expectation of additional reports as agreed throughout the course of the meeting namely:

- an additional staff survey results report in the early new year or before; and
- a further depot update report as negotiations processed.

17 **TO NOTE THE DATE OF THE NEXT MEETING**

The date of the next meeting, Thursday 1 October 2020, was **NOTED.**

The meeting closed at 5.06 pm.

Chairman

WEST LINDSEY DISTRICT COUNCIL

MINUTES of a Meeting of the Joint Staff Consultative Committee held virtually via MS Teams on Thursday, 1 October 2020 commencing at 4.00 pm.

Members:	Councillor David Cotton (Chairman) Councillor Matthew Boles Councillor Mrs Jackie Brockway Councillor Mrs Jessie Milne
Representatives of Union members:	James Deacon (Vice Chairman)
Representatives of Non-union staff:	Amy Potts
In attendance:	Emma Redwood, People and Organisational Development Manager Ele Snow, Democratic and Civic Officer

18 **TO ELECT A VICE-CHAIRMAN**

The Chairman explained the need to elect a Vice-Chairman to cover the duration of maternity leave for the substantive Vice-Chair, and nominated James Deacon. This was seconded and put to the vote.

> **RESOLVED** that James Deacon be elected Vice-Chairman for the duration of maternity leave.

19 **MEMBERS' DECLARATION OF INTEREST**

There were no declarations of interest.

20 **MINUTES**

> **RESOLVED** that the minutes of the meeting of the Joint Staff Consultative Committee held on Thursday, 3 September 2020 be approved as an accurate record.

21 **MATTERS ARISING SCHEDULE**

There were no outstanding matters arising.

22 **STAFF REP - MATERNITY COVER**

The Committee heard from the People and Organisational Development Manager that she was seeking a reserve staff member to be on hand should either of the two staff representatives be unable to attend. This was to be a short-term arrangement until such a point as the substantive staff representative (and Vice-Chair) returned from maternity leave. It was not anticipated there would be any difficulties arising from her absence. With no further discussion, these details were **NOTED.**

23 **THANK YOU CARD SCHEME UPDATE**

The People and Organisational Development Manager introduced the details behind the Thank You card scheme and explained there had been fewer nominations since the start of the global pandemic. There would be details shared in the Member Newsletter and also re-communicated to staff in order to start raising awareness again. She explained that there would usually be information on the staff televisions regarding winners of the monthly draw and she would be looking at ways of re-introducing this via the staff website.

The Chairman noted he had used the scheme frequently in recent months and did support it as a good way to share praise with staff members. He requested that the proposed communications should happen fairly promptly in order to keep the scheme running.

With no further discussions, the details of the Thank You card scheme were **NOTED.**

24 **NATIONAL PAY AWARD UPDATE**

The Committee heard again from the People and Organisational Development Manager with details of the National Pay Award update. She stated that a pay rise of 2.75% had been agreed, this would be paid in the September pay and backdated to April 2020. In previous years, there had been some weighting to the lower banded salaries to ensure living wage was, in this case, exceeded. It was highlighted that part of the negotiations had included the NJC noting the impact of workplace stress on mental health and wellbeing. The People and Organisational Development Manager explained the council already placed a strong emphasis on the importance of mental health and wellbeing but confirmed that any further details about how the NJC wished to proceed would be shared with the Committee.

The Chairman enquired as to what benchmarking exercises were undertaken to ensure the council paid fare wages in comparison with the rest of the county and it was confirmed that benchmarking took place regularly, the most recent of which had been in relation to salaries for waste services operatives and WLDC had come out in the top quartile. In relation to the global pandemic, the Chairman enquired whether any employees had been furloughed. It was confirmed that all staff had continued to work, no one had been furloughed.

With no further discussion, the contents of the National Pay Award updated were **NOTED.**

25 WORK PLAN

The People and Organisational Development Manager explained that, due to external circumstances, one report due at Committee in November would need to be postponed. With this in mind, it was proposed that the November meeting of the Joint Staff Consultative Committee be cancelled and the outstanding business carried forward to the January meeting.

> **RESOLVED** that the November meeting of the JSCC be cancelled and the work plan amended accordingly.

26 TO NOTE THE DATE OF THE NEXT MEETING

Given the resolution to cancel the November meeting, the next meeting of the JSCC to be held on Thursday, 21 January 2021 was **NOTED**.

The meeting closed at 4.23 pm.

Chairman

Corporate Policy & Resources Committee Matters Arising Schedule

Purpose:
To consider progress on the matters arising from previous Corporate Policy & Resources Committee meetings.

Recommendation: That members note progress on the matters arising and request corrective action if necessary.

Meeting	Policy and Resources Committee

Status	Title	Action Required	Comments	Due Date	Allocated To
Black	**Thank you card to be issued**	Thanks to be sent to Simon Smoothey under the Thank You card scheme for his hard work with G'boro Markets	**Card readied - Ady to give to SImon when possible to do so.**	30/10/20	Ady Selby

Agenda Item 6a

West Lindsey
DISTRICT COUNCIL

CORPORATE POLICY AND RESOURCES COMMITTEE
Thursday, 5 November 2020

Subject: FLEXIBLE PARKING PERMITS

Report by:	Tracey Bircumshaw Assistant Director of Finance, Business Support and Property Services (S151)
Contact Officer:	David Kirkup Senior Property Strategy & Projects Officer david.kirkup@west-lindsey.gov.uk
Purpose / Summary:	To respond to members request to consider options for parking permits

RECOMMENDATION(S):

1. It is recommended that the current permit tariffs are retained as these are still being sold in numbers that make this viable.

2. It is also recommended that as part of the development of the next Car Park Strategy, the consultation will include a request for views to assess demand for alternative permit options, including scratch cards.

IMPLICATIONS

Legal: Any changes to parking tariffs or methods of charging will require the drafting of a new legal order

Financial : FIN/77/21A/TJB

To support workers in both Gainsborough and Market Rasen, parking permits are available which are purchased in advance for an annual fee to cover a 5 or 6 day parking permit. When compared to the price of daily parking the permit provides circa 50% discount. The current cost of this discount to the Council is circa £82k.

There has been a significant reduction in permit income since the Covid-19 lockdown, with some 68 permits being cancelled resulting in a £30k budget pressure.

As workers return to offices etc. potentially for a reduced number of days, as working from home becomes more the norm. Flexible permit options have been considered; however alternative permit options do not appear to deliver value for money in the current environment.

Anyone requiring a permit for 3 days or more would find a 5 day permit financially beneficial when compared to day rates. (2 days would be a similar cost)

The Car Park Strategy is due to be refreshed and will be developed over the coming months. Car parking capacity, demand levels, customer needs and car parking charges will be considered as part of this review.

Staffing: There are no direct staffing implications.

Equality and Diversity including Human Rights : None

Data Protection Implications : There are no data protection implications as a result of this report but if changes were made to the permit systems, i.e. outsourcing, this matter would need to be considered.

Climate Related Risks and Opportunities : None

Section 17 Crime and Disorder Considerations : None

Health Implications: None

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

Risk Assessment :

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**

Background

1.1 The council operates car parks in Gainsborough and Market Rasen. Payment for parking can be made at pay and display (P&D) ticket machines in the car parks, or by use of a mobile phone app or by purchasing a permit. Permits are valid only for the town they are purchased for. In Market Rasen the permit can be used in all 3 car parks, whereas in Gainsborough, permits cannot be used in Roseway or Lord Street car parks.

1.2 The permit prices are set at a rate which is discounted circa 50% below the equivalent cost of the daily payment by phone or P&D. Traditionally permits have been an attractive option for regular parking customers as the permits cover 5 day (Mon – Fri) or 6 day (Mon- Sat) parking.

1.3 Due to the widespread switch to home working as a result of the Coronavirus outbreak, and a number of permits being cancelled, the Corporate Policy and Resources Committee, at its meeting of the 18th June 2020 requested an options proposal for flexible permits. The report considers this request and looks at potential solutions for car parks customers to make regular payments for a shorter weekly number of parking events.

Current situation

2.1 The cost of permits and daily charges is tabulated below;

Gainsborough pay & display charges Excluding Roseway		**Market Rasen pay & display charges**	
0-1 hours	£0.00	0-1 hours	£0.00
1-2 hours	£1.10	1-2 hours	£0.00
2-3 hours	£1.60	2-3 hours	£0.80
3-4 hours	£2.00	3-4 hours	£1.00
4-6 hours	£3.30	4-6 hours	£1.70
6+ hours	£3.90	6+ hours	£2.00
Pay by mobile are the same tariff but incur a 20p admin charge			

Gainsborough permit charges			**Market Rasen permit charges**		
Mon - Sat		£612.00	Mon - Sat		£306.00
Mon - Sat	direct debit	£528.00	Mon - Sat	direct debit	£264.00
Mon - Fri		£516.00	Mon - Fri		£258.00
Mon - Fri	direct debit	£420.00	Mon - Fri	direct debit	£210.00

2.2 Using 44 weeks as an example of a working year allowing for paid and public holidays, the annual cost of a ticket bought Monday – Friday would be as shown below, compared with the price of a 5 day permit paid by monthly direct debit.

	Pay & Display tickets		**5 day DD permit**
	Daily cost	**Annual cost**	**Annual cost**
Gainsborough	£3.90	£858.00	£420.00
Market Rasen	£2.00	£440.00	£210.00

2.3 It can be seen that permits represent a substantial discount to customers but this also represents a significant subsidy by the council, costing circa £82k based on current figures.

2.4 The current permit system is operated in-house by staff in customer services with input from the Parking Management officer and Revenues colleagues. There have been a few requests for permits to be available on a reduced number of days, at a reduced cost by Council staff. However there is not a clear demand for a set pattern of days e.g. Mon, Weds, Friday; instead there are requests for each person to have a daily permit pattern to suit their own individual work patterns. To satisfy these requests would require a high number of different permutations of permits, which would be extremely time intensive to administer, complicated to enforce and would raise even less income set against the requirement for far greater staff resource time.

2.5 An alternative to operating the current paper based (hard) permits would be to have virtual permits. This works on the customer’s vehicle registration mark (VRM) and requires the user to liaise directly with the provider to enter their VRM(s) and pay for parking. This would greatly reduce staff resource time required for permits, but comes at an additional cost. For an example see Appendix 1 which shows the costs associated with a virtual permit every time someone takes out or renews a permit. This could be as often as weekly or as infrequently as annually. At the time of writing there are 147 Gainsborough permit holders and 64 Market Rasen permit holders. However, these systems only offer fixed days for less than a 5 day week, i.e. only 1 option, say Mon, Weds, Fri would be available. Therefore it doesn’t meet the requests from staff for variable permit options. This system also does not offer an auto-renew feature. This means that once the validity period of the permit expires, the customer would incur a fine next time they used the car parks.

2.6 Another alternative would be to sell parking scratch cards which enable the user to buy, for example, a card for a calendar month, which would have entitlement to a limited number (e.g. 10 days) of parking. This would enable the user to pre-buy their parking and provide a flexible solution to the request for various different days per month.

They could be offered at a discounted rate to reflect the pre-payment received in line with permits; if this was felt to be appropriate, but there would be a cost to the council to purchase the cards so this would need to be considered when setting a tariff. Payment by direct debit would not be viable for a number of reasons. The scratch cards could be lost in the post or open to abuse i.e. claims that the customer hadn't received the card. Direct debit payment would not be a viable option for this due to the resource intensive processes involved in checking that payment had been made each month and posting the cards to customers.

2.7 A summary of the payment options is tabulated below

Current payment options	**PROS**	**CONS**
Pay & display ticket	Infinitely flexible in terms of days of use	Doesn't enable pre-payment
Pay by phone	Infinitely flexible in terms of days of use. Payment can be made whilst sat in car and parking session can be extended remotely if more time needed	Doesn't enable pre-payment
Permit	Enables pre-payment. Provides discounted parking.	Doesn't allow choice of days of week, only 5 or 6 day options
Potential additional options		
Scratch card	Allows pre-payment. Allows user to select which days of week they pay for parking.	Would need to be purchased in person.
Virtual permits	Would reduce staff resource time in processing permits. Place onus for permit management on customer. Enables pre-payment	Doesn't enable flexible reduced days per week option. Additional cost to council. Could result in increased parking fines and customer dissatisfaction.

Legal & Financial Considerations

3.1 Any changes to the charging structure would require a revision to the parking order which requires drafting by a legal clerk or solicitor; the proposed changes have to be consulted with various statutory bodies, have to be advertised in local press and would also require changes to the tariff notice boards in the car parks, all of which incur costs to the council. Any changes to P&D tariffs also incur charges from the machine provider for writing new software. Other work such as changes to the website, communications work to publicise the changes etc. could be absorbed within normal officer time.

Conclusions

4.1 Parking customers that are faced with a greatly reduced number of visits to the car parks and who therefore find that the permit costs are no longer economically viable, will of course make their own choice based upon simple economics. The current permit charges equate to 107 days of daily parking charges per year (Gainsborough) or 105 (Market Rasen). Users who wish to park for 3 days per week or more would still find that the permit offers a discounted and convenient method of payment. Users parking for 1 or 2 days a week have the option of daily payment at the machine or by use of the mobile app, both of which offer ultimate flexibility over selection of days per week for parking events. For ‘2 days per week’ parking users, the permit would still offer equivalent value to daily parking charges but with the convenience of pre-payment.

4.2 The pay by phone option will remain available as well as payment at the P&D machines.

Appendix 1

(Our current pay by phone provider is RingGo who also offer the most economically advantageous virtual permit system).
RingGo Virtual Permit Costs;- per permit and per transaction.

Duration	Cost to West Lindsey District Council	Charge to the Motorist
3 Days (Monday, Wednesday, Friday)	£0.21p per transaction	£0.20p per week + tariff
5 Days	£0.22p per transaction	£0.20p per week + tariff
6 Days	£0.23p per transaction	£0.20p per week + tariff
Monthly	£0.50p per transaction	£0.40p per month + tariff
Quarterly	£2.00 per transaction	£1.80 per quarter + tariff
Annually	£4.00 per transaction	£3.50 per year + tariff

	Corporate Policy and Resources Committee
	Thursday 5 November 2020

Subject: Suspension of parking charges for Christmas Markets

Report by:	Assistant Director of Commercial and Operational Services
Contact Officer:	Ady Selby Assistant Director of Commercial and Operational Services ady.selby@west-lindsey.gov.uk
Purpose / Summary:	For Members to consider a request to suspend parking charges in Market Rasen and Gainsborough on days when Christmas Markets are held.

RECOMMENDATION(S):

1. **That Members resolve to suspend parking charges in Market Rasen on 5th December 2020.**

2. **That Members resolve to suspend parking charges in Gainsborough on 5th December 2020.**

IMPLICATIONS

Legal: None

(N.B.) Where there are legal implications the report MUST be seen by the MO

Financial : FIN/97/21/TJB

There is a projected loss of income of £692 by suspending car parking charges on 5th December in both Market Rasen and Gainsborough, in support of the Christmas Markets. This pressure can be met from the Council’s overall in year surplus.

Staffing : None

Equality and Diversity including Human Rights : None

Data Protection Implications : None

Climate Related Risks and Opportunities: None

Section 17 Crime and Disorder Considerations: None

Health Implications: None

Title and Location of any Background Papers used in the preparation of this report :

None.

Risk Assessment :

No risks identified

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**

1 Introduction

1.1 The Council has received a request from Market Rasen Town Partnership to suspend car parking charges in Market Rasen on 5th December 2020, as a socially-distanced Market and Christmas shopping event is being organised on this day. It is considered that this gesture would be supported by local businesses and residents, as well as supporting publicity around the event.

1.2 Using data from 2019, Officers predict that suspending parking charges in Market Rasen on 5th December would result in a loss of income to the Council in the region of £83; this projection has been adjusted to allow for the current reduction in parking income due to Covid-19.

1.3 In addition, a two-day Christmas Market is being planned in Gainsborough on the weekend of 5th and 6th December. Members are also being asked to support a proposal to suspend car parking charges in Gainsborough on 5th December 2020. Free parking is already in place on Sundays, so there would be no impact on the 6th December.

1.4 Using data from 2019, Officers predict that suspending parking charges in Gainsborough on 5th December would result in a loss of income to the Council in the region of £609, this projection has been adjusted to allow for the current reduction in parking income due to Covid-19.

1.5 The Council continues to support Markets as part of the initiative to Re-open the High Street. Traders in Gainsborough on both the general and Farmers' Market will continue to benefit from free rent until the end of March 2021.

1.6 Traders and visitors are also supported through the work of the Market Team Manager, a Meet-and-Greet Officer and the Council's Environmental Health Officers.

1.7 A risk assessment for these functions is continually reviewed and there is a possibility of these events being cancelled, should the District's current Covid status change. In the event of either of the Markets being cancelled, parking charges will remain suspended on 5th December as there would be insufficient time to effectively communicate a change in policy.

1.8 For information, there will be no formal event in 2020 to switch on Christmas lights either in Marshall's Yard or Gainsborough Town Centre. Lights will still be in place, but an analysis of risk demonstrated social distancing would be too difficult to maintain, therefore the event was cancelled.

Agenda Item 6d

Corporate Policy and Resources Committee	
Thursday 5th November 2020	

Subject: Progress and Delivery Report, Quarter Two 2020-21

Report by:	Chief Executive
Contact Officer:	Ellen King Change and Performance Officer Ellen.King@west-lindsey.gov.uk
Purpose / Summary:	To consider the Progress and Delivery report for quarter two (July-September) 2020/21

RECOMMENDATION(S):

To assess the performance of the Council's services through agreed performance measures and indicate areas where improvements should be made, having regard to the remedial measures set out in the report.

IMPLICATIONS

Legal: N/A

There are no legal implications as a result of this report

Financial : FIN/89/21/B/SL

There are no financial implications arising from this report. The financial performance measures are reconciled to service performance reported through the quarterly budget monitoring process which is reported to Corporate Policy and Resources alongside this report.

Staffing : N/A

There are no staffing implications as a result of this report

Equality and Diversity including Human Rights : N/A

Data Protection Implications : N/A

Climate Related Risks and Opportunities: N/A

Section 17 Crime and Disorder Considerations: N/A

Health Implications: N/A

Title and Location of any Background Papers used in the preparation of this report :

None.

Risk Assessment :

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**

Progress and Delivery Report

Quarter Two 2020/21

July - September

Executive Summary

Introduction

This report presents a detailed summary of Council performance for Quarter Two, 2020-21 (July - September). In line with the Council's recent senior restructure, performance information in this report is grouped by portfolio. Each section of the report begins with an overall summary of portfolio performance, including measures which have been above or below target for at least two consecutive quarters. This is followed by a one page performance summary for each service within that portfolio. Key information includes performance by exception (above or below target) and narrative relating to service activity for the quarter. Where performance is below target, additional information has been included to explain: why this is the case, what remedial action is being taken to improve performance and when performance is expected to be back on track.

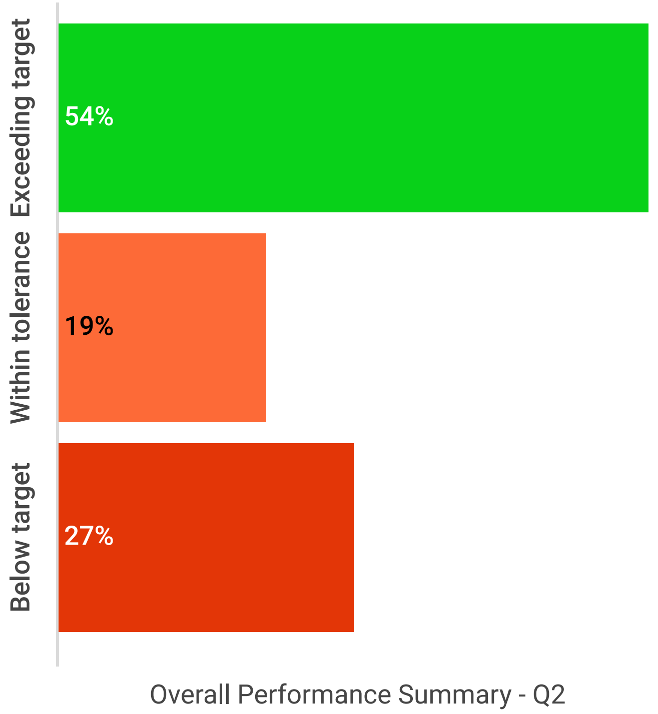
For those key performance indicators (KPIs) where it has been identified that significant remedial action is required to improve performance, action plans have been created. In order to monitor progress, these action plans will be included in Progress and Delivery reports on a rolling basis until all actions have been completed. It has not been necessary to include any action plans within the quarter two report.

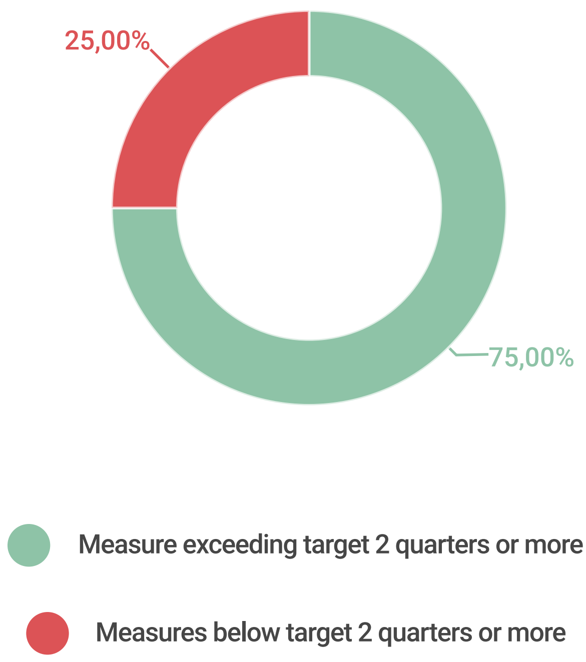
The Impact of COVID-19 on Council Performance

The Coronavirus pandemic has had a significant impact on Council performance in quarters one and two. In some cases, this has led to improvements, for example, more people at home for longer periods of time has led to increased waste recycling rates. In other cases, the effects of COVID-19 have had a negative impact with some services unable to operate fully, or at all for lengthy periods of time, such as the Leisure Centre, Town Centre Markets or Trinity Arts Centre. Where this is the case, it is unlikely that performance will meet the target by year end. Some services, such as Housing Benefit and Council Tax Support have experienced unprecedented spikes in demand which have placed additional strain on capacity. With the easing of lockdown at the end of June, performance in some areas will begin to improve although it is too early to say whether and when it will return to pre-COVID levels. Updates and analysis will continue to be provided on a rolling basis through Progress and Delivery reporting.

Those KPIs directly impacted by the COVID-19 pandemic are indicated by "C-19" within the report.

Overall Summary of Council Performance





Performance by Portfolio

Portfolio	No of measures	Measures exceeding target	Measures within tolerance	Measures below target
Corporate Services	8	7	0	1
Finance and Property	2	1	0	1
Homes and Communities	8	2	1	5
Operational and Commercial	17	6	8	3
Planning and Regeneration	3	3	0	0
Regulatory Services and Change Management	17	9	2	6

Corporate Health

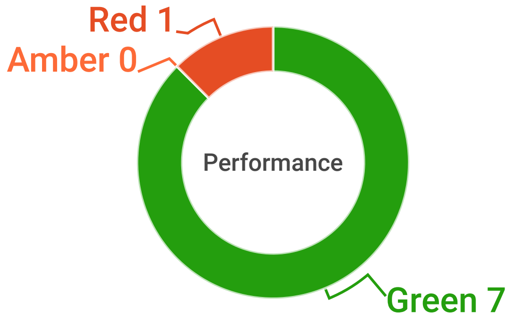
- Customer satisfaction remains high and improving at 3.9 stars out of a possible 5 stars. This is equivalent to a satisfaction rate of 79%. A total of 147 compliments were received during the quarter, with Waste Services and Planning receiving the highest proportion.
- A total of 68 complaints were received which is an increase of 106% compared to the same period last year. The highest proportion of complaints relate to a traveller settlement in the district, with complaints directed to planning enforcement and the planning service. A recent virtual mail room data breach also generated a number of complaints for the Council tax service.
- Staff sickness absence has risen during quarter two, though it remains within agreed tolerance level. There has been a slight increase in stress/ anxiety related absence and staff are being provided with the appropriate support to enable a return to work. Significant resources have been put in place to support staff during the pandemic; including the recent launch of 'One', a health and wellbeing initiative designed to support staff through the next stages of the pandemic.
- 100% of staff who can work from home continue to do so in line with government guidance.
- Two data breaches were reported to the Information Commissioner's Office (ICO), however, neither of these resulted in further action from the ICO.

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
Time taken to pay invoices	10 days	14 days	10 days		
Average Customer satisfaction rating out of 5 stars	3.5 stars	3.5 stars	3.9 stars		
% of complaints where the Council is deemed at fault	44%	45%	32%		
Average number of days to resolve a complaint	6.1 days	21 days	7 days		
% of calls answered within 21 seconds	79%	80%	73%		
Average number of staff sickness absence days per FTE	0.53 days	0.6 days	0.69 days		
Recorded Health and Safety incidents	19	NTS	10	-	
Server and system availability	98%	98%	100%		
Data breaches resulting in action by the Information Commissioner's Office	0	0	0		

Corporate Services Performance Summary

Services included:

- **Democratic Services & Contracts Management**
- **ICT**
- **Systems Development**



Measures where performance is above target for at least two consecutive quarters

KPI	Q1 (2020/21)	Target	Q2 (2020/21)	Perf
% of FoI requests processed within the statutory limit	100%	100%	100%	
Number of subsequent challenges to FoI requests	0	0	0	
Challenges to the procurement exercise that are subsequently upheld	0	0	0	
LLPG Standard	Gold	National standard	Gold	
Website availability	100%	98%	100%	
% of systems development requests completed on time	98%	80%	98%	

Democratic Services and Contracts Management

- Virtual Member training and development events have resumed; focusing on effective chairing of meetings, carbon literacy and the Statement of Accounts.
- The Democratic Services Team continue to make great efforts to implement arrangements and protocols to ensure vital committee meetings can be held; all of which have run successfully so far.
- A total of 161 Freedom of Information Requests were received during the quarter, a reduction of 39% on the same period last year. All requests continue to be processed on time.
- All Civic events remain cancelled as a result of the pandemic and the Civic Officer continues to be redeployed at Lea Fields Crematorium.
- Since April, a number of contracts have been awarded by the Council but none of these went to local suppliers due to the nature of goods and services required. New contracts relate to a new computer system, virtual mail room provision, the undertaking of an empty homes review, and the renewal of the Council's Carbon Management Plan.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
% of FoI requests processed within the statutory limit	100%	100%	100%		
Number of subsequent challenges to FoI requests	0	0	0		
% of contracts awarded to local suppliers	25%	25%	0%		
Challenges to the procurement exercise that are subsequently upheld	0	0	0		

ICT

- New performance measures were introduced in September 2019 following a performance workshop with the Team Manager and Chief Executive. Baselining continues to take place in order that targets can be set from 2021/22 onwards. Performance against all ICT measures will continue to be reported on until targets have been agreed.

ICT Performance Measures

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
Number of helpdesk requests received	N/A	NTS	289	...	N/A
Average number of hours taken to action a helpdesk request	N/A	NTS	17 hrs, 2 mins	...	N/A
Number of change management requests received	N/A	NTS	244	...	N/A
Number of change management requests completed	N/A	NTS	191	...	N/A

Systems Development

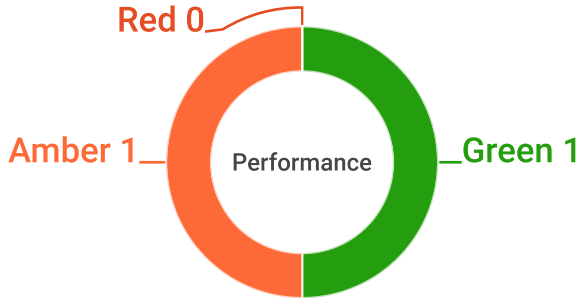
- All KPIs continue to perform above target.
- Constant proactive monitoring ensures good quality data.
- Quick reallocation of tasks ensures there are no delays in dealing with requests.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
LLPG Standard	Gold	National standard	Gold		
Website Availability	98%	98%	100%		
% of systems development requests completed within target time	97%	80%	96%		

Finance & Property Performance Summary

Services included:
- **Property and Assets**



Measures where performance is above target for at least two consecutive quarters

KPI	Q1 (2020/21)	Target	Q2 (2020/21)	Perf
Portfolio voids	5%	12%	10%	

Property and Assets

- Car parking income continues to suffer as a result of the pandemic. After initially offering free car parking during quarter one, there has been some income recovery during quarter two though this is still 48% down compared to the same time last year.
- Income from assets remains positive, with an increase of £21k compared to the same point last year.
- The split between planned and responsive maintenance is below target, however, this is expected as more planned work is procured and undertaken in the second half of the year.
- Rental portfolio voids continue to perform well, though they are at a higher level than usual due to units (particularly retail units) struggling with COVID restrictions.

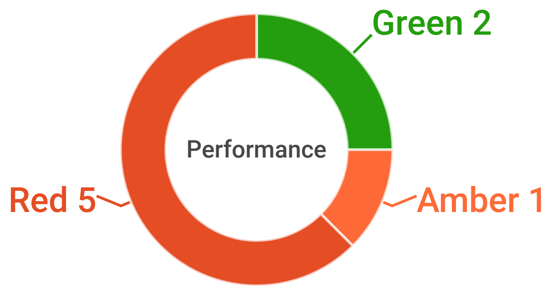
Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
Rental portfolio voids	4%	12%	10%		
Planned maintenance	71%	70%	60%		

Homes & Communities Performance Summary

Services included:

- Home Choices
- Housing
- Communities



Measures where performance is above target for at least two consecutive quarters

KPI	Q1(2020/21)	Target	Q2 (2020/21)	Perf
Average number of nights spent in temporary accommodation	45.5	56	45.5	
Number of households housed from the Housing Register	8	19	48	

Measures where performance is below target for at least two consecutive periods

KPI	Q1 (2020/21)	Target	Q2 (2020/21)	Perf
Number of households relieved from homelessness	47	45	39	
Number of nights spent in B&B accommodation	101	0	280	
Number of households prevented from becoming homeless	42	90	44	
Number of long-term empty properties	726	540	787	
Number of long-term empty properties brought back into use	1	25	2	

Home Choices

- Housing providers have been able to return their maintenance staff to work which has led to improvements in performance across the service.
- The service continues to reach out to partner agencies to encourage individuals with housing issues to contact the Council as early as possible.
- There has been a high demand for temporary accommodation as a result of three complex cases which have now been successfully resolved.
- The team continues to achieve excellent outcomes for both homeless prevention and relief and this trend is expected to continue as the team builds on positive relationships with private landlords.
- The nights spent in B&B accommodation target is a government target and not set by WLDC
- New Public Health commissioned housing related support contracts mean that all referrals to the Home Choices service must be made by district housing teams. This will give us a greater insight into demand for the service. In addition, the new Change 4 Lincs initiative launches on 12th October which will increase resources and options for dealing with recurring street homelessness.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
Average number of days spent in temporary accommodation	21 days	56 days	13 days		
Number of households relieved from homelessness	47	45	39		
Number of households housed from the Housing Register	19	19	48		
Number of nights spent in Bed and Breakfast accommodation	58	0	280		
Number of households prevented from becoming homeless	37	90	44		

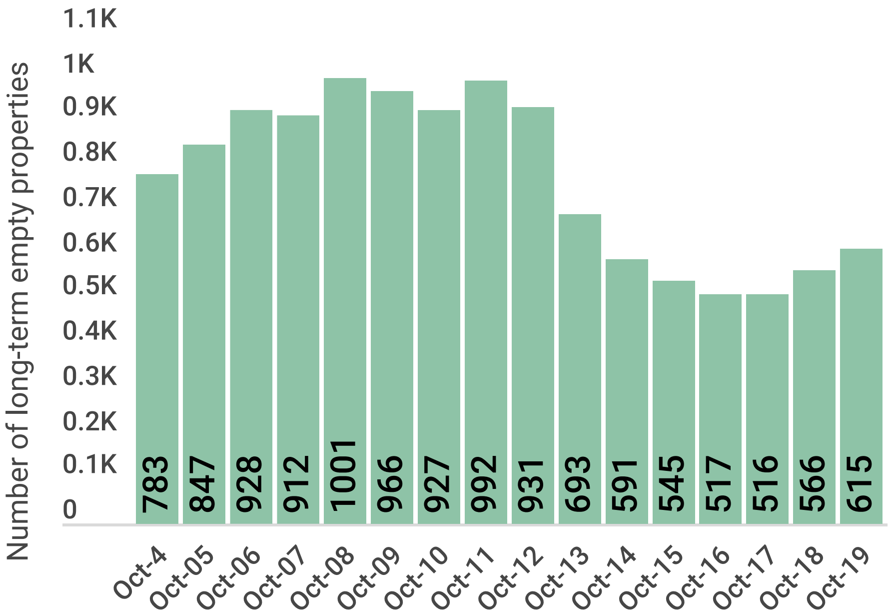
Housing

- Timescales for Disabled Facilities Grants (DFGs) have been severely impacted by the lockdown period. No work to progress grants was able to be undertaken for 90 days, therefore adding 90 days to the completion period and although there has been an improvement in August and September, performance for the year as a whole is unlikely to meet target.
- The number of empty properties has risen again though further analysis has not identified a pattern or specific reason for this increase . While the data shows an increase in empty properties, the overall number remains low as a percentage of all properties in the district (1%). The Council continues to prioritise empty property enforcement where there is a high risk of harm and there are no plans to change this approach given that the Viable Housing Solution is due to be in place imminently.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
The number of long-term empty properties in the district	563	540	787		
The number of long-term properties brought back into use	3	25	2		
Average number of days from DFG referral to completion	170	120	196		

Performance over time - number of long-term empty properties in the district



The chart shows long-term empty homes in the district from Oct 2004 to Oct 2019. There was a peak in long-term empty properties in Oct 2008 at 1,001 however remedial works has seen this number steadily decrease until Oct 2018 when the number began to rise.

Communities

All KPIs within this service area are performing within expected tolerance levels.

Community Grant Funding

- The Councillor Initiative Fund and Match Grant Funding Schemes have re-opened to new applications. New applications have been lower than expected as many projects and services continue to deal with the impact of the pandemic.
- Funding awarded from the Hardship Relief Fund has covered the Council's Community COVID Community Fund to a total of £100k. Approximately half of this remains available and will continue to support individuals and groups with COVID recovery up to March 2021. Any remaining funds at that point will be carried over to 2021/22 when new demand is expected to rise significantly.

RAF Scampton Community

- Community engagement activity continued with delivery supported by Community Lincs using One Public Estate Funding.
- A range of virtual events have been held to bring residents together, as well as a COVID compliant community litter pick.

Employment & Skills

- Work has been ongoing with local employers during quarter two to help identify challenges as a result of COVID-19.
- Initial work is taking place to prepare for providing redundancy support in the area.
- The Council is working in partnership with ACIS to deliver the Kick Start Programme and officers are also exploring opportunities to support apprentice roles with local employers.

CCTV

- Shoplifting has increased during quarter two following the re-opening of non-essential retail.
- An initial surge in public order and violence related incidents occurred in the three weekends following the re-opening of pubs, however, numbers of these types of offences have now fallen back to normal levels.
- Delivery of the Safer Streets funded CCTV expansion in Gainsborough is underway with final grant agreements and works set to begin in quarter three.

Local Access

- The development plan for the programme has been approved by the funders which includes initial spend on engagement work and the recruitment of a Programme Co-ordinator.

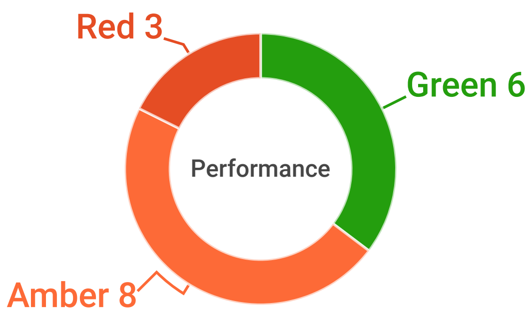
Hemswell Cliff

- The managed estate contract continues to realise improvements and work is ongoing to develop normalisation actions, including proposals for the adoption of street LED lighting and play parks.

Operational & Commercial Performance Summary

Services included:

- **Building Control**
- **Crematorium**
- **Garden Waste**
- **Leisure Contract**
- **Trinity Arts Centre**
- **Operational Services**
- **Street Cleansing**
- **Markets**



Measures where performance is above target for at least two consecutive quarters

KPI	Q1 (2019/20)	Target	Q2 (2020/21)	Perf
% of missed black and blue bin collections collected within target time	98%	95%	98%	

Measures where performance is below target for at least two consecutive quarters

KPI	Q1 (2020/21)	Target	Q2 (2020/21)	Perf
Average number of stalls on a Tuesday	16	37	29	

Building Control

- All KPIs for this service are performing within agreed tolerance levels.
- Income, application levels and market share all remain buoyant.

Performance exceptions

All KPIs within this service area are performing within expected tolerance levels

Crematorium

- KPIs have been introduced for the Crematorium but no targets have been assigned while these measures are baselined. These measures will be included for information in each P&D report.
- In line with other crematoria locally, quarter two has seen fewer services than expected, following a spike in quarter one as a result of COVID-19.
- The Crematorium continues to adapt to changing COVID regulations. This includes allowing people who are COVID positive, or who have been in close contact with somebody who has COVID to attend the funeral of a close family member. Whilst this does not directly affect our staff, the team has been split into two bubbles to ensure resilience and continuity of service with one bubble able to take over the running of crematorium should the other bubble be required to isolate.

Crematorium Performance Measures

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
Number of services held	N/A	N/A	112	...	N/A
Income received	N/A	N/A	£80,038.00	...	N/A

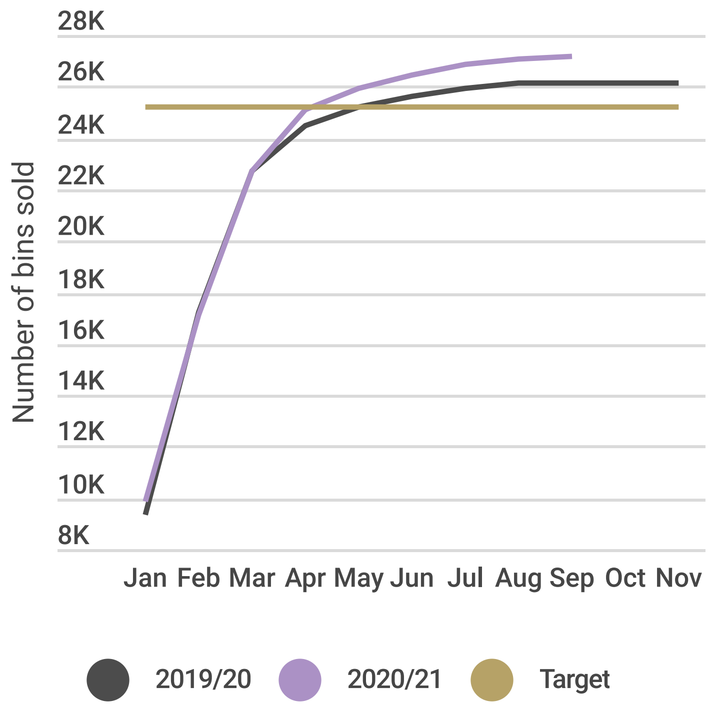
Garden Waste

- The service received a higher than expected number of subscription requests in quarter two. Appropriate communications were put out making it clear that those residents subscribing late in the year would only receive collections for the current calendar year and would be required to re-subscribe at the beginning of 2021 service, should they choose to do so.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
Number of bins sold	26,148	25,197	27,145		
Subscription take-up	55.5%	57%	57.5%		
Missed garden waste collection collections	0.07%	0.2%	0.06%		

Number of Bins Sold - 2019/20 performance compared to 2020/21



The number of bins sold has exceeded the target with 666 more bins sold in quarter two than at the same point last year.

Leisure Contract

- Both the Gainsborough and Market Rasen Leisure Centres opened their doors on 25th July following the easing of COVID restrictions. Usage was limited to gym, dance and spin classes.
- The swimming pool re-opened on 22nd August for lane and swim sessions only.
- In September, bookable casual swim sessions commenced, along with squash at Gainsborough and badminton and football at Market Rasen, which is proving very popular.
- Usage at the gym remains steady with customers finding their experience favourable and no negative comments being received from users of either centre.
- The outreach service has not yet recommenced, though Active Seniors is starting again at Gainsborough from 12th October.
- Usage of the Market Rasen Leisure Centre stands at 4,882 for the quarter. This measure is being baselined during 2020/21 so that a target can be assigned for 2021/22.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
Satisfaction with the Leisure Centres (C-19)	95%	75%	99%		
West Lindsey Leisure Facilities Usage (C-19)	80,372	78,750	36,000		
Number of Outreach Users (C-19)	116	116	0		

Trinity Arts Centre

- Government restrictions on public performances and gatherings continue to affect the Arts Centre's ability to host film or live performances. To adhere to social distancing regulations, the auditorium is limited to 36 people, rendering any public performances financially unviable.
- Great effort has gone into making the Centre COVID safe in order to maximise on secondary income through venue hire. New weekly hires have been secured with more to be confirmed in quarter three, including sports classes, dance classes, a playgroup, a youth theatre and two theatre schools. More than 100 young people are benefitting from attending creative workshops on a weekly basis.
- A bid has been submitted to the Cultural Recovery Fund for a total of £208,000. The centre is still awaiting the outcome from Arts Council England and the deadline has been extended due to the volume of bids received.

Markets

- The market was able to re-open to non-essential traders on 9th June and quarter two has seen a steady return of traders with a stall take-up of 376 stalls on the Tuesday market and 179 stalls for the Saturday market. Some stall holders remain cautious and are yet to return.
- Stall income remains at zero due to the decision not to charge stallholders rent for the remainder of 2020/21.
- At 14, the average number of stalls on a Saturday is within expected tolerance levels for the quarter, which is within agreed tolerance levels.
- The Gainsborough Farmers' Market has been relocated to the town centre on an interim basis to allow for appropriate social distancing measures.
- A three day continental market was held in the town centre in August 2020 which was well attended by traders and the public.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
Average number of stalls on a Tuesday	34	37	29		

Street Cleansing

- COVID restrictions have meant that many planned litter picks have not been able to go ahead, including the Great British Spring Clean initiative. However, litter picks have begun to resume during quarter two with 23 such events being held during the period, compared to 12 in quarter one.
- There has been a continued increase in fly-tipping in quarter two, with 847 instances in total. Of these, 99.6% were collected and disposed of within the target time. Whilst household waste and recycling centres have re-opened, these are subject to restrictions such as customers needing to book slots for different waste streams on different days. This, coupled with the internal drive to report fly-tips within the district are likely to have contributed to the rise.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
% of reported fly-tipping cases collected within target time	99%	90%	99.6%		

Waste Services

- Recycling rates remain within agreed parameters though there has been an increase in contamination of mixed dry recycling streams with current contamination levels at 30%. The Council is working with the Lincolnshire Waste Partnership to be able to offer a more comprehensive recycling service and to reduce the amount of contamination.
- Trials of both food waste and separate paper and card collections have begun in several districts as a fact finding mission. Indications are that the paper and card trials have been successful and the Lincolnshire Waste Partnership are in talks with the Department for the Environment, Food and Rural Affairs regarding a food waste collection roll out before the 2023 deadline.
- Commercial waste has suffered a considerable loss of income as a result of customers in industries affected by COVID-19 suspending the service. This has mainly affected the catering industry.

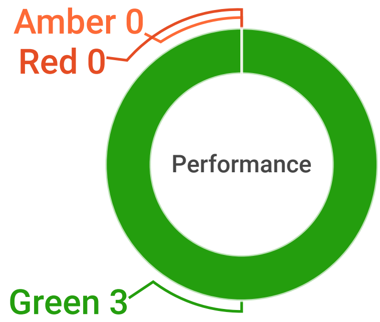
Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
% of missed black and blue bin collections collected within target time	98%	95%	98%		

Planning & Regeneration Performance Summary

Services included:

- **Development Management**



Measures where performance is above target for at least two consecutive quarters

KPI	Q1 (2020/21)	Target	Q2 (2020/21)	Perf
% of major planning applications determined on time	100%	90%	100%	
% of non-major planning applications determined on time	99%	80%	100%	

Measures where performance is below target for at least two consecutive quarters

There are no measures where performance is below target for two consecutive quarters.

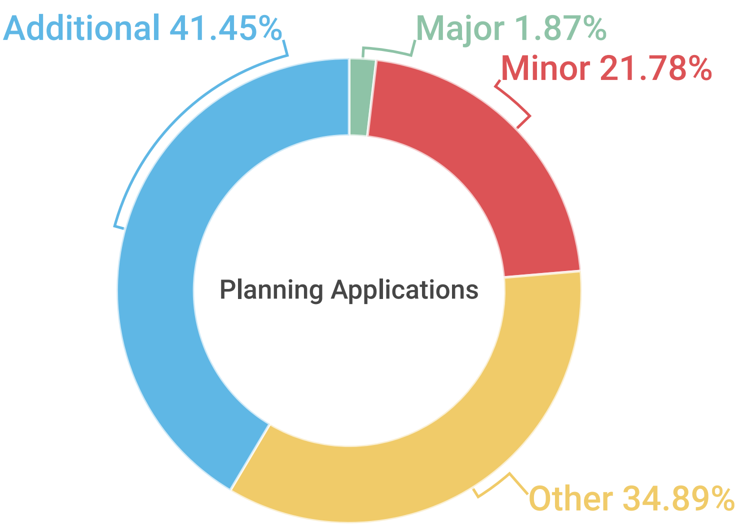
Development Management

- At 427 in total, the number of planning applications has increased by 13% compared to the same period last year, and an 11% increase on quarter one of this year.
- Total fee income from planning and pre-application services has also increased, up 27% compared to the same period last year. Total income for the quarter stands at £221,007.
- The service has recruited additional resource to cover the second half of the year in order to cope with expected demand.
- Team performance remains resilient despite increased demand with 100% of major applications, and 99% of other applications determined on time.
- Planning appeals recommenced in June and of the seven appeals received, six were dismissed and one was allowed.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
% of major planning applications determined on time	100%	90%	100%		
% of non-major applications determined on time	100%	80%	99%		
Appeals allowed as a % of all decisions	1%	5%	1%		

Breakdown of Planning Applications by Type for Quarter Two



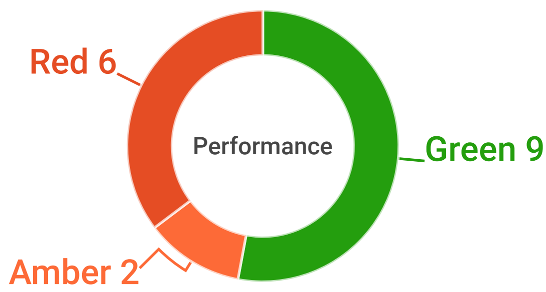
During quarter one, 427 planning applications were received in total; broken down as follows:

- 8 major applications
- 93 minor applications
- 149 other applications
- 177 additional applications

Regulatory Services & Change Management Performance Summary

Services included:

- Council Tax and NNDR
- Enforcement
- Housing Benefit and Council Tax Support
- Local Land Charges
- Licensing
- Regulatory Services



Measures where performance is above target for at least two consecutive quarters

KPI	Q1 (2020/21)	Target	Q2 (2020/21)	Perf
No of properties on the Council Tax base per FTE	5,527	5,000	5,533	
% housing enforcement cases closed within 6 months	96%	75%	92%	
% of licensing applications processed within target time	100%	96%	100%	
% of registered food premises rated 3* or above	98%	95%	98%	
number of environmental protection requests received	270	125	272	

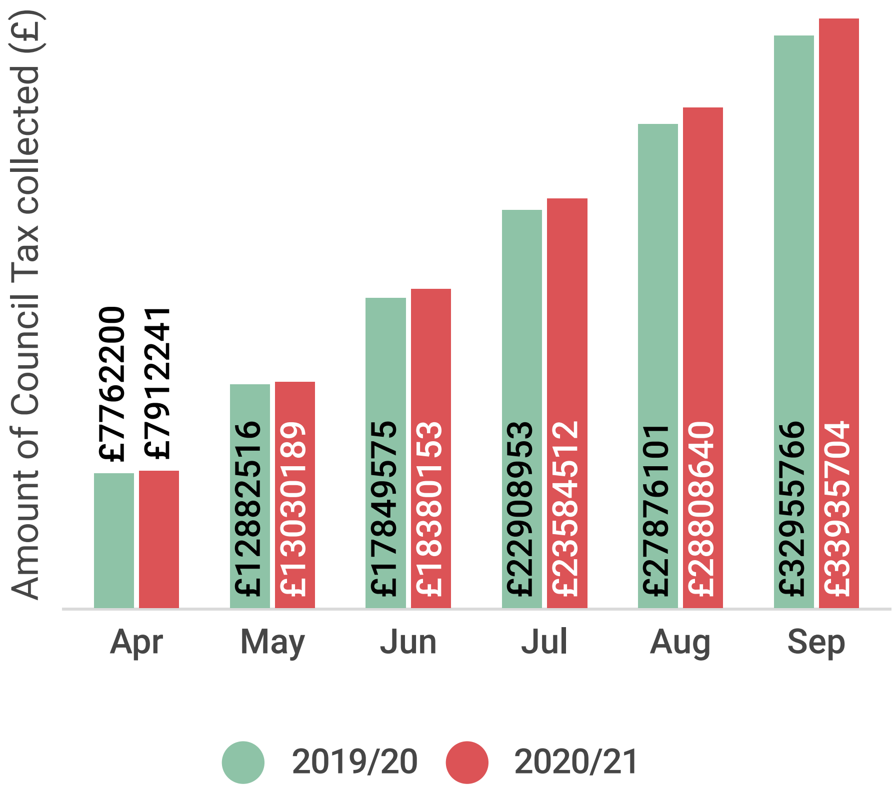
Council Tax and NNDR

- The issuing of statutory reminder notices resumed in August, however, Lincoln Magistrates Court have confirmed that they will not hear any Council Tax or Business Rate Liability Order hearings until at least December 2020. This will impact recovery collection rates as regulations state that recovery action can only be undertaken once Magistrates have granted a Liability Order.
- The team continues to support customers who have requested deferred payments; as well as signposting these customers to debt management organisations where necessary.
- Applications have begun to be received for the Discretionary Hardship Fund, with payments made to help reduce the Council Tax Liability of those most financially affected by the pandemic.
- Business Rate collection remains consistently below that of last year as a result of the pandemic. Work is ongoing to identify those businesses at risk of closure due to the pandemic.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
Number of properties on the Council Tax base per FTE	4,488	5,000	5,533		
NNDR in year collection rate	58.8%	58.8%	56.2%		

Amount of Council Tax collected - Q2 2019/20 compared to Q2 2020/21



The in year Council Tax collection rate is 0.57% lower than the same time last year, however, the team have been able to collect over £2.5m more Council Tax than at the same point last year.

Enforcement

- Performance within the enforcement service continues to be adversely impacted by COVID-19. The planning enforcement service continues to experience a backlog of open cases accrued as a result of lockdown during quarter one. During 2019/20, there were an average of 69 open cases and this figure has risen to 111 during the first half of 2020/21. This impacts on the ability to investigate, close and respond to cases quickly and means that lower priority cases are delayed. Whilst performance remains above target at this current time, the service is working to manage increased demand accordingly.
- Within housing enforcement, whilst case numbers are low and performance is currently within target, it has become more difficult to close cases effectively due to restrictions on visiting properties which has made it more difficult for landlords to deal with matters expediently.
- The percentage of licensed properties within the Gainsborough South-West ward remains on target at 92%.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q1 (2020/21)	Perf	DoT
% of planning enforcement cases closed within 6 months	86%	75%	84%		
Number of community safety cases closed following compliance	72	60	21		
% of planning enforcement cases given an initial response within 20 working days	74%	90%	76%		

Housing Benefit and Council Tax Support

- The team have continued to work from home during quarter two and our customers continue to supply supporting evidence and apply for new claims digitally where possible. Despite the restrictions and additional pressure created by the pandemic, all targets have been met or exceeded during quarter two.
- The level of Council Tax support claims experienced during quarter one have now receded as people have returned to work, however, this may change as COVID-19 infection rates begin to rise again.
- Whilst new claims are half the level seen in quarter one, processing times are being impacted by the processing of Universal Credit applications by the Department for Work and Pensions. Despite this, processing times remain above target and better than at the same time last year.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
Cost per live claim	£5.70	£5.52	£4.85		
End to end processing times	4 days	5 days	3.8 days		

Local Land Charges

- There has been a higher than average number of searches received during the quarter following a rapid recovery in the housing market, with 920 searches received during the quarter compared to 662 in the same period last year.
- Along with the challenges on the team caused by working from home, additional challenges have been created by having to process searches on behalf of the search companies who have been unable to access their officer as a result of the pandemic. The team has worked with Human Resources and Customer Services to allow personal search companies to access the Guildhall from 5th October in a COVID safe way so that they can complete their own searches. This will result in a reduction in turnaround times by December when this measure should be back on target. This work will also be supported through the training of an apprentice to assist with basic searches.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
Average time taken to process a search	13.3 days	10 days	21.2 days		
Market Share	65%	65%	73%		

Licensing

- Whilst the number of licensing applications received is steadily recovering, numbers remain significantly lower than expected with 180 applications during the first half of 2020/21 compared to 516 at the same point last year.
- The team continues to focus on providing advice to premises in regard to operating safely and in a COVID secure way, and ensuring that as many of the licensable activities as possible are running at a level that enables the sector to function properly.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
% of licensing applications processed within target time	100%	96%	100%		

Regulatory Services

- COVID-19 restrictions meant that no food inspections were carried out during quarter one and only a limited number during quarter two. This means that the target for this measure will not be met by year end.
- Officers within this work area have been redeployed to focus on work relating to outbreak management and control, illegal operation of businesses and to provide advice and guidance to businesses to enable them to become COVID secure.
- A total of 450 service requests have been received so far in 2020/21, higher than the total for the whole of the previous year (354). This is a result of increased responsibilities placed on the Council relating to COVID-19. It is unlikely that this level of demand will decrease and work is underway to underensure demand can be managed appropriately going forward.

Performance exceptions

KPI	Q2 (2019/20)	Target	Q2 (2020/21)	Perf	DoT
% of food premises rated at 3* or above	97%	95%	98%		
Number of environmental protection requests received	195	125	272		
% of environmental protection cases closed within 6 months	99%	75%	99%		
% of Food Standard Agency scheduled inspections completed	27%	98%	1%		

The target for the number of food safety inspections will not be met this year due to COVID-19 restrictions on the service impacting performance for the remainder of the year.

Agenda Item 6e

Corporate Policy and Resources
Thursday, 5th November 2020

Subject: Budget and Treasury Monitoring - Period 2 2020/21 (1st April 2020 to 30th September 2020)

Report by:	Assistant Director, Finance, Business and Property Services
Contact Officer:	Sue Leversedge Business Support Team Leader sue.leversedge@west-lindsey.gov.uk
Purpose / Summary:	This report sets out the revenue, capital and treasury management activity from 1 April 2020 to 30 September 2020.

RECOMMENDATION(S):

REVENUE

a) That Members accept the forecast out-turn position of a £905k net contribution to reserves as at 30th September 2020 (see Section 2) relating to business as usual activity.

b) Members approve the use of Earmarked Reserves (2.4.1).

c) Members accept the use of Earmarked Reserves during the quarter approved by the Chief Finance Officer using Delegated powers (2.4.2).

d) That Members approve the amendment to the fees and charges schedules (2.3.2), to be effective immediately and **recommend to Council** any new Fees and Charges be implemented immediately.

e) Members approve budgets and expenditure for the use of the £196,690 Cultural Recovery Fund Grant in accordance with the Bid; £39,550 Capital, £33,500 transfer to Levy Reserve, and £123,635 Revenue

CAPITAL

f) Members approve the Capital Budget amendments as detailed in 3.2 and accept the current projected Capital Outturn as detailed in 3.1.2.

TREASURY

g) Accept the report, the treasury activity and changes to the prudential indicators.

IMPLICATIONS

Legal: None arising as a result in this report.

(N.B.) Where there are legal implications the report MUST be seen by the MO

Financial : FIN/81/21/B/SL

The draft revenue forecast out-turn position for 2020/2021 is currently reflecting a net contribution to reserves of £1,231k from business as usual activity as at 30th September 2020 (£444k as at 31st May 2020).

After taking account of approved revenue carry forwards of £230k, and carry forward requests from services pending future approval by Management Team of £96k (as detailed at Appendix 4) £905k will be the contribution to the General Fund Working Balance.

When then considering the impact of Covid-19 we are assuming that all grant funding towards additional expenditure will be utilised, and there will be a £448k pressure in relation to Income Losses which we will have to bear.

The net contribution to the General Fund Balance would then be £457k

Summary of Out-turn Position 2020/21		
	£ 000	
FORECAST OUTTURN AS AT 30.09.20	(1,231)	BEFORE CARRY FORWARDS
CARRY FORWARDS : BASE BUDGET-APPROVED IN YEAR	101	ALREADY APPROVED
CARRY FORWARDS : USE OF EARMARKED RESERVES	129	ALREADY APPROVED
SUB-TOTAL:	**(1,001)**	
SERVICE CARRY FORWARD REQUESTS	96	
NET CONTRIBUTION (TO) / FROM RESERVES:	**(905)**	
FORECAST NET IMPACT ON GENERAL FUND BALANCES-COVID19	448	
NET CONTRIBUTION (TO) / FROM GENERAL FUND BALANCES:	**(457)**	

The items with significant variances are contained within this report at 2.1 and 2.2.

The forecast financial implications of Covid-19 are contained within this report at 2.2.7.

The anticipated capital out-turn position 2020/21 is £14.023m. This is a movement of £2.748m on the approved budget. The required amendments to the capital programme are detailed in 3.2.

The Treasury Management activities during the reporting period are disclosed in the body of this report. Total external borrowing is currently £20m. We are forecasting a £587k underspend on the cost of borrowing due to the use of internal cash balances for Treasury Management purposes.

There have been no breaches of Treasury or Prudential Indicators within the period of this report. However, to enable us to maintain effective cash management during a period of uncertainty on future cash flows, including the receipt of significant Government Grant Funding and anticipated variations on our income and expenditure levels as a consequence of the Covid-19 pandemic, on the 30 March 2020 an urgent Delegated Decision approved an increase to our Treasury Counterparty limits:

- Upper investment limits with AAA rated Money Market Funds to be raised, £7.5m from £5m
- Lloyds Bank, our bankers, raised to £2m current account, £7.5m deposit account (increased from £1m and £5m respectively)

Average investments for the period (Jul-Sep) was £19.471m, which achieved an average rate of interest of 0.842% (Apr-Jun £18.840m 1.047%).

Staffing: None arising as a result in this report.

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

Data Protection Implications: None arising as a result of this report.

Climate Related Risks and Opportunities: None arising as a result if this report.

Section 17 Crime and Disorder Considerations: None arising as a result of this report.

Health Implications: None arising as a result of this report.

Title and Location of any Background Papers used in the preparation of this report : N/A

Risk Assessment: This is a monitoring report only.

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

This report provides the oversight of financial performance for;

REVENUE

- 'Business as Usual' Revenue Forecast Out-Turn (after carry forwards) - Surplus £905k (6.26% of Net Revenue Stream) – See 2.1 for details of significant variances.

- Forecast surplus includes net Treasury Management activity savings of £343k (£587k underspend of the cost of borrowing, offset by £244k pressure on investment property income as no acquisitions are anticipated this financial year).

- Forecast pressure above Covid-19 LA Support Grants £448k (see 2.2.7 for details).

- Remaining net surplus of £457k to be transferred to the General Fund Balance, which would result in a forecast Fund balance as at 31 March 2021 of £4.624m.

CAPITAL

- Capital Forecast Out-Turn: £14.023m, a variance of £2.748m against current budget £16.771m, this is made up of:

    - Anticipated Slippage of £3.266m (see section 3.2.1)

    - Clawback of £1.325m (see section 3.2.1)

    - Underspend of £0.876m five schemes (see section 3.2.2)

    - Overspend of £0.011m on one scheme (CRM Pay link integration)

    - Reinstatement of capital budget £0.058m residual balance (Sun Inn Capital Grant)

TREASURY MANAGEMENT

- Treasury Management Report and monitoring:

    - Average investment interest rate for July to September was 0.842%

    - Total Investments at the end of Period 2 £19.122m

The tables below reflect investment movements and prudential borrowing analysis:

Investment Movements	P1 £'000	P2 £'000
Investments B/fwd (at 31.3.2020 incl. bank)	**11,670**	**13,490**
(Less) Capital expenditure	-1,811	-1,313
Add PWLB/Other LA Borrowing in year	0	0
Add/(Less) Net Revenue Expenditure	4,931	-1,026
Add/(Less) Net Collection Fund Movement (Ctax/NNDR)	-1,171	7,637
Add Working Capital Movement	-129	334
Investments c/fwd (at Period end)	**13,490**	**19,122**

Our prudential borrowing position reflects actual borrowing undertaken from the Public Works Loans Board/Other Local Authorities and the amount of internal borrowing required to meet the actual costs of borrowing up to the 30.09.2020.

Prudential Borrowing	Period 2 £'000
Total External Borrowing (PWLB) and	16,500
Other Local Authorities	3,500
Internal Borrowing	17,948
Total Prudential Borrowing at 30.09.2020	**37,948**

REVENUE BUDGET MONITORING PERIOD 2
(1st April 2020 to 30th September 2020)
Forecast Outturn for 2020/2021

2. The Revenue Budget forecast for 'business as usual' outturn currently stands at a net contribution to reserves of £905k as detailed in the table below (£444k as at period 1, to 31st May 2020), this is after taking account of £326k of revenue budget carry forwards, the details of which are provided at Appendix 4.

   Details of headline variances by Cluster can be found below at 2.1 and 2.2.

   Details of the Covid-19 financial implications and LA Support Grant shortfall can be found at 2.2.7.

SERVICE CLUSTER	2020/2021 Budget £	Forecast Outturn £	Forecast Outturn Variance £
Our People	1,911,900	1,717,456	(194,444)
Our Place	4,104,874	3,943,155	(161,719)
Our Council	6,116,300	5,725,258	(391,042)
Controllable Total	**12,133,074**	**11,385,869**	**(747,205)**
Corporate Accounting:			
Interest Receivable	(250,300)	(263,496)	(13,196)
Interest Payable	983,000	395,600	(587,400)
Investment Income	(1,618,600)	(1,373,555)	245,045
Precepts and Levies	2,505,000	2,508,440	3,440
Movement in Reserves:			
To / (From) General Fund	(369,600)	(369,600)	0
Use of Specific Reserves	(1,033,435)	(1,033,435)	0
Contribution to Specific Reserves	1,864,161	1,864,161	0
Repayment of Borrowing	243,700	243,700	0
Net Revenue Expenditure	**14,457,000**	**13,357,684**	**(1,099,316)**
Funding Total	(14,457,000)	(14,588,200)	(131,200)
NET SUBSIDY FROM / (CONTRIBUTION) TO RESERVES FOR THE YEAR	**0**	**(1,230,516)**	**(1,230,516)**

Carry Forwards - approved in year	101,000
Carry Forwards - pending future approval	95,800
Carry Forwards - use of Earmaked Reserves	128,900
Net Contribution (To) / From Reserves	**(904,816)**
Forecast Net Impact on General Fund Balances-COVID19	447,904
Net Contribution (To) / From General Fund Balances	**(456,912)**

2.1 The significant movements being;

Cluster	EXPENDITURE	Total £000	Direction of Travel
	BUDGET UNDERSPENDS		
	Salary (savings) / pressure.	(£61)	↓
Corporate Accounting-Interest Paid	Treasury management activities - saving on borrowing costs.	(£587)	↑
Our Council	Commercial Contingency - to cover budgetary pressures arising from Covid 19.	(£200)	New
Our Council	Electoral Registration - Savings due to canvas reform.	(£16)	New
Our Place	Fuel - forecast saving due to reduced fuel prices.	(£25)	New
	PRESSURES		
Corporate Accounting-Investment Income	Net impact of investment property acquisitions - offset by the saving on borrowing costs.	£244	↓
	Various forecast outturn variances <£10k	£23	↑
		(£622)	

Cluster	INCOME	Total £000	Direction of Travel
	BUDGETED INCOME EXCEEDED		
Corporate Accounting- Interest Received	Icelandic Bank residual investment adjustment.	(£20)	New
Funding	Business Support Admin Grant- to support employee costs etc.	(£130)	New
Our Council	Green Waste service income target exceeded (£76k) plus operational savings of (£3k).	(£79)	↑
Our Council	Will bequest - passed to WLDC 'for use at their absolute discretion'.	(£46)	New
Our People	Hemswell Residents Company - extension to land management contract.	(£11)	↔
Our Place	Shopping Trolley reclaimed income.	(£25)	New
	BUDGETED INCOME NOT ACHIEVED		
Our People	Housing Benefits - forecast net subsidy position.	£10	↑
Our Place	Car park income - pay & display income not forecast to meet target.	£18	New
		(£283)	

TOTAL VARIANCE	**(£905)**	

2.2 Significant items (>£10k) of note by Cluster:

2.2.1 Interest & Investment Income

- £587k of the forecast contribution relates to interest payable on borrowing. We provide a base budget estimated on the capital programme and financing of schemes from prudential borrowing and assume that this borrowing will be from the Public Works Loans Board. This ensures we have a sustainable base budget which provides for future interest and repayment of principle. However, in reality, we manage our actual borrowing through our Treasury Management function, utilising any surplus cash balances as internal borrowing, rather than taking on costly additional debt.

- The borrowing saving is offset by a £244k pressure against Investment Income related to our property portfolio. The income budget was set to reflect the Capital Budget and the potential for further acquisitions to the Commercial Investment-Property Portfolio from remaining approved budgets. No acquisitions are anticipated this financial year.

- The remaining balance of £343k is included in the forecast as a net contribution to reserves.

- The Council has received £20k as a final settlement from Heritable Bank (Icelandic Banks) following its administration, in relation to investments made by the Council.

2.2.2 Funding

- A grant of £130k has been received to support the delivery of the Business Support grants, including staff costs, bank charges and postage.

2.2.3 Our Council

- £86k is a forecast carry forward request, pending approval at year-end (see Appendix 4 for details).

- The 2020/21 budget for Green Waste Charging reflects a net contribution of £812k. With actual income at £958k from subscriptions achieved during this period the forecast net contribution is £891k, £79k above the prudent original forecast. (£76k additional income, plus operational savings of £3k).

- A will bequest was made to the Council for £46k, for ‘use at their absolute discretion’. It is proposed that the bequest be set aside to a reserve for future allocation for a specific purpose to be agreed by Members.

- The MTFP for 21/22 approved a £200k Commercial Contingency budget to mitigate a number of commercial risks, including investment properties, and demand led service generated income. This budget will therefore be used be utilised to fund a shortfall in rental income agreed as part of a Company Voluntary Arrangement on one of our tenants and contribute to any shortfall in government funding for the impact of Covid on sales fees and charges.

- £16k of savings have been achieved within Electoral Registration, due to canvas reform.

2.2.4 Our People

- £160k are approved carry forwards into 2021/22 (see Appendix 4 for details).

- £11k additional income is due to the extension of the Hemswell Resident Company contract to 31st March 2023 (was budgeted to 31st December 2020).
- A pressure of £10k reflects the Housing Benefits forecast net subsidy position.

2.2.5 Our Place

- £70k are approved carry forwards into 2021/22, £10k is a forecast carry forward request, pending approval at year-end (see Appendix 4 for details).

- There is a forecast saving on fuel costs of £25k, due to reduced fuel prices during the year.

- £25k of income has been received for the Shopping Trolley scheme. This scheme was not introduced to generate income but to help keep communities free of abandoned shopping trolleys, and we anticipate the number of reclaimed trolleys to reduce as supermarkets take action.

- There is a forecast pressure on car park income of £18k (not related to covid-19 impacts) which has been an issue over the last few years. A review of the Car Park Strategy will be undertaken in the coming months to assess demand, pricing and investment needs.

2.2.6 Establishment

Current vacancy levels after costs of interim staffing resources is forecast to achieve a £61k budget underspend for the year, this represents 0.61% of the overall employee budget. This is broken down by cluster as follows;

Cluster	Sum of variance £
Our Council	26,126
Our People	(41,700)
Our Place	(45,834)
Grand Total	**(61,408)**

2.2.7 Financial Implications of Covid-19

We are monitoring the ongoing financial implications of the Covid-19 pandemic and will update Members regularly.

The Government have issued/allocated the following grant funding to date which are expected to be fully expended or any remaining funds returned to Government;

Revenue Grants to WLDC	£
Covid Support Grant Tranche 1-4	1,496,322
New Burdens from BEIS re business grants	130,000
High Street Recovery Grant	84,000
Outbreak prevention fund (via LCC)	100,000
Hardship fund	793,000
S31 Business Rates Reliefs top-up (estimate)	2,472,654
S31 Business Rates Reliefs (estimate)	523,878
Sales fees and charges grant support (estimate)	550,000
New Burdens BEIS discretionary fund admin	TBA
New Burdens Local Restrictions Admin grant	TBA
New Burdens Test and Trace Admin Grant	25,729
Rough Sleeping Contingency Fund	1,650
Next Steps Accommodation Programme	5,063
Local Authority Compliance and enforcement grant	46,233
Total WLDC Grants	**6,228,529**

£	Gov. Grants to our Communities
16,820,000	Business Rates Support
927,500	Business Rates Discretionary Fund
TBC	Local Restrictions support grant
38,500	Test and Trace support payments £500
23,131	Discrectionary Test and Treace support payments
17,809,131	**Total Grants to our communities**

In relation to direct support to WLDC towards the impact of the Covid-19 we have been allocated £1.496m to cover additional expenditure in addition we have received a further £0.035m from the Arts Council towards costs associated with the Trinity Arts Centre, therefore totalling £1.531m. Forecast expenditure at this time is £0.820m. Whilst there remains £0.708m available of this grant the funding is to support costs for the full financial year and we are therefore assuming that we will fully expend this grant by the year end.

The Government are also supporting Councils for losses of sales, fees and charges income, but not commercial property income. This is based on the premise that Council's will bear the first 5% of all budgeted income and the Government will support 75% of net losses thereafter. Based on Current estimations this grant will be £0.550m and we will need to absorb the pressure of £0.448m.

Row Labels	Sum of Total 19/20	Sum of Total 20/21	Grants	Balance
Cost	**3,125**	**820,176**	**(1,531,322)**	**-708,021**
Income Loss	14,470	1,388,781		
Savings (inc)	0	-168,200		
	14,470	1,220,581	(550,000)	685,051
WLDC Saving	-7	-237,144	0	-237,151
	14,463	**983,438**	**(550,000)**	**447,900**
Grand Total	**32,064**	**1,803,614**	**(2,081,322)**	

Detailed below are the financial impacts of Covid-19 on our Business Units;

Business Unit	Description	Variance (saving) / pressure £
Health & Wellbeing	Leisure Management Contractor support	678,000
Local Tax Collection	Court costs summonses and virtual mail	133,972
Car Parks	Income losses - reduced demand	132,631
Net Investment Interest	Interest rate reductions	124,957
Housing Benefits	Reduction in overpayments, overtime and virtual mail	118,833
Investment Properties	Rental Income reduction due to CVA	113,477
Development Management	Reduction in planning fees	105,500
Delayed Capital Schemes	MR Leisure Centre and ERP implementation	84,963
Economic Development	High Street Recovery costs	84,598
Commercial Waste Services	Trade Waste Income losses	72,010
Town Centre Markets	Income loss in support of recovery of the High Street	42,920
Land Charges	Personal Searches and EIR requests income losses	40,238
Building Control	Income losses reduced demand for service	31,947
Financial Services	Bad debt provision and transactional banking costs	26,851
Systems Development	System updates and virtual mail costs	24,178
ICT Services	Costs of ICT firewalls etc for working from home	21,033
Street Cleansing	Additional flytipping collection costs	20,201
Waste Management	Additional resources and PPE	19,000
Crematorium	Estimated increase in direct funerals (less income)	18,200
Licences - Community	Reduced income as licences not renewed for some premises	12,800
Trinity Arts Centre	Various net impact after £35k Arts grant support.	8,200
Homelessness & Housing Advice	Costs of assisting homeless	5,378
Property Income	Rent risk on shop lease	2,099
Democratic Representation	Civic events cancelled, and Members expenses	(21,700)
Corporate Management	Apprentice posts not recruited to at this time	(30,800)
Car Allowances & Mileage	Savings in employee travel costs	(65,872)
Grand Total		**1,803,614**

2.3 Fees and Charges

2.3.1 £2,285k has been received in Fees and Charges up to the end of the period against a budget for the period of £2,506k, a shortfall to date of £221k.

- The most significant areas of additional income forecast for the year being:
  - Garden Waste (£76k) - see 2.2.3
- The significant areas of under achieved income;
  - Car Parks £18k - see 2.2.5

2.3.2 Amendment to Fees and Charges Schedule

- **Street Naming and Numbering**

		2020/21 Excl. VAT £	2020/21 Inc. VAT £
Street Naming and Numbering:			
Confirmation of address details		£50.00	£50.00

Since the introduction of fees for Street Naming and Numbering requests in September 2019, it is now recognised that **all** enquiries regarding confirming an official postal address should also be chargeable.

WLDC receive several enquiries each year to confirm the official postal addresses of properties. To bring this in line with neighbouring authorities it is suggested a fee of £50 is charged for providing this written confirmation of this information.

- **Crematorium**

		2020/21 Excl. VAT £	2020/21 Inc. VAT £
Crematorium:			
The Farewell Service	A 10 minute service, for 6 mourners, 1 piece of music played on repeat. No minister.	£500.00	£500.00
Downloadable copy of Visual Tribute		£10.00	£12.00

<u>The Farewell Service</u>

A 10 minute service, for 6 mourners, one piece of music played on repeat. No minister. The farewell service offers more than a Direct service but less than a Funeral service, it will appeal to families who prefer a smaller service that is more affordable.

<u>Downloadable Copy of Visual Tribute</u>

The Visual Tribute played during the service is available to download from the supplier website, cost to WLDC £5.00 + VAT. The supplier has indicated the RRP should be £10.00 + VAT.

<u>Memorial Sales Discount</u>

As a promotional offer to build on secondary sales, when a Mulberry leaf, Barbican plaque or sanctum vault is purchased there will be a 10% discount applied to the book of remembrance entry.

- **Trinity Arts Centre**

		2020/21 Excl. VAT £	2020/21 Inc. VAT £
Trinity Arts Centre:			
Booking Fee (face to face / phone)		£1.00	£1.20

The TAC booking system is being replaced in January 2021. Part of the change has resulted in the introduction of a booking fee for face to face / over the phone bookings taken by Customer Services. This fee would be £1 (plus VAT) per transaction.

- **Planning Fee - Statutory**

		2020/21 Excl. VAT £	2020/21 Inc. VAT £
Planning Applications:			
New dwellinghouses	Where number of new dwellinghouses is not more than 50	£334.00	£334.00
	Where the number of dwellinghouses exceeds 50, £16,525 and an additional £100 for each dwelling in excess of 50 subject to a maximum in total of £300,000	£100.00	£100.00

The new 'dwellinghouse' fee was introduced on 2nd September 2020 and relates specifically to new dwellinghouses erected under the new permitted development allowance subject to prior approval. This is a statutory fee that is reported to Members for information.

2.4 Use and Contribution to Reserves

2.4.1 Use of Reserves

Members are asked to approve the following use of Earmarked Reserves (above £50k);

- £80k from Investment for Growth for legal and project consultancy spend on growth projects.

2.4.2 2020/21 Use of Reserves – Delegated Decisions

The Chief Finance Officer has used delegated powers to approve the use of earmarked reserves up to £50k, new delegated decisions totalled £78k;

- £13.1k from Unapplied Grants. Revenue spend related to the Gainsborough Regeneration Programme (Gainsborough Development Trust grant). Development of wayfinding strategy for Gainsborough Town Centre and stone plinth for sculpture.

- £41.6k from IT Reserve. To cover cost of Enabling Technology Officer and Data Migration Technical Officer posts during 2020/21.

- £23.3k from General Fund Balances. Legal costs in relation to Business Rates status. This may be in excess of £45k if barristers are employed.

2.5 Grants

As at 1st April 2020 we had an amount of £575k relating to grants received which had yet to be expended. Budget provision will be created throughout the financial year as required to deliver projects in accordance with grant terms.

2.5.1 Successful Grant Bids and New Grant determinations

The following grants have been awarded during this period:

Grant Issued By	Name of Grant	£
Ministry of Housing, Communities & Local Government (MHCLG)	Business Rates Relief Grant	1,255,241
Taylor Lindsey	S106 Taylor Lindsey	1,000,000
MHCLG	Covid - LA Discretionary Grant Fund	813,500
Disabled Facilities Grant (DFG)	DFG Grant Funding	699,809
MHCLG	New Homes Bonus	368,151
MHCLG	Rural Services Grant	237,125
Department for Digital, Culture, Media & Sport (DCMS)	Cultural Recovery Fund	196,690
MHCLG	Covid - LA Support Grant (Tranche 3)	162,531
MHCLG	LA Discretionary Grant Fund	130,000
LCC	Covid 19 District Council Outbreak Prevention Funding	100,000
Department of Health and Social Care (DHSC)	Test and Trace Support Payments	87,360
Department for Works and Pensions (DWP)	HB Admin Grant	76,768
MHCLG	Covid Marshall	46,233
MHCLG	Flood Recovery Framework	40,500
Greater Lincolnshire Local Enterprise Partnership (GLLEP)	Manufacturing Zone Grant	15,000
MHCLG	Community Recovery Grant	13,627
DWP	Northgate - System Update Grants	6,015
Cabinet Office	Electoral Registration (Individual Electoral Registration)	5,826
MHCLG	Next Steps Accommodation Programme funding	5,063
Office for Low Emission Vehicles (OLEV)	Onestreet Residential Chargepoint Scheme	3,537
		5,262,976

<u>Trinity Arts Centre – Cultural Recovery Fund</u>

An award of £196,690 has been secured from the treasury's Cultural Recovery Fund. The allocation comes from a fund of £500m put aside to assist culturally significant organisations who were financially viable pre-covid to weather the storm of Covid-19 for the remainder of this financial year. Our bid included for the initiatives detailed in the table below;

Allocation	**Rationale**	**Amount**
Core Costs **Revenue support**	Covering expenditure relating to salaries, facility and utility costs, supplies and services.	118,918
Venue Levy **Reserves**	Repopulating venue levy reserves from lost income.	33,500
Digitisation **Capital/Financing**	Implementation of new digital services to aid Covid compliant contactless operations: **Box Office** *A flexible cloud based ticketing platform will be vital to ensure a box office service can be managed at alternative locations. An updated system will provide the opportunity to offer a self-serve option both on-site and online with additional intuitive algorithms to ensure dynamic seating plans which implement social distancing between seated parties.* **Ticket Scanners** *Ticket scanning devises will be required to ensure non-contact admittance can be undertaken.* **Digital Signage** *Digital Signage Screens will be required to relay Covid safety messages that can change and adapt in real time as guidance alters and provide customers with instructions on what to do inside the building to comply with social distancing guidelines.* **EPOS with Mobile Ordering** *A basic platform that allows an audience member to define their seat location and then place an order for refreshments will be essential to ensuring the viability of achieving any hospitality sales whilst reducing the risk of public queues and close contact operations.*	14,555
Adaptations **Revenue**	Alterations, tools and PPE required to ensure operations remain Covid compliant and venue is Covid secure: **Queue barrier system, specialist cleaning and sanitation equipment, personal protective equipment and screens.**	4,717
Equipment **Capital**	Equipment to ensure future resilience of TAC and to enable public performances: **Portable staging and rigging, live streaming technology.**	25,000
	Total	**196,690**

Approval to spend is therefore requested in accordance with the Bid £39,550 Capital Budget, £33,500 transfer to Levy Reserve, and £123,635 Revenue

Other Items for information

2.6 Planning Appeals

In period 2 2020/21 there were 10 appeals determined – 1 allowed and 9 dismissed.

There is one live application for costs.

Period	Number of Appeals	Allowed	Dismissed
June	2	0	2
July	4	0	4
August	4	1	3
September	0	0	0
Total for Period 2	**10**	**1**	**9**

2.7 Aged Debt Summary – Sundry Debtors Aged Debt Summary Period 2 Monitoring Report

At the end of September 2020, there was a total of £370k outstanding debt in the system over 90 days. The majority of this debt was over 150 days old and mainly comprised of:

- Housing Benefits overpayments £61k the majority of which will look to be recovered through ongoing entitlement or where appropriate on agreed repayment schedules.

- Property Services £112k – this is due to deferred rent payment and company voluntary agreements (CVA) to support businesses during the pandemic.
- Leisure £97k
- Housing £37k
- Environmental Protection & Licensing £24k

Period	90 – 119 days £	120 – 149 days £	150+ days £	Total £
Period 1 - ending May 2020	79,469	6,064	142,405	227,938
Period 2 - ending Sept 2020	102,986	55,375	211,905	370,266

2.8 Changes to the Organisation Structure

There have been the following approved changes to the establishment during the period June to September 2020:

- Mayflower Project Officer – extended for 1 year. This post is funded from contributions received in previous years and carried forward to support the delivery of the Mayflower project.

- Senior Structure – the management restructure realised savings of £88k. Four of the Director/Assistant Director positions are filled, whilst two Assistant Director posts have recently been recruited to.

- Licensing and Local Land Charges Managers post has been replaced with a Senior Licensing & Community Officer, with an ongoing saving of £3k pa.

3.1 CAPITAL BUDGET MONITORING – Quarter 2

3.1.1 The Capital Budget forecast out-turn for schemes approved to spend (includes Stage 3 and BAU) totals £9.670m against a revised budget of £12.192m. Reasons for variations are detailed below. Pipeline Schemes (Pre Stage 1, Stage 1 and Stage 2) are expected to spend £4.353m (subject to formal approval). This gives an overall total spend of £14.023m as detailed in the table below.

Capital Investment Programme 2020/21

Corporate Priority / Scheme	Actuals to 30/09/2020	Original Budget 2020/21	Revised Budget 2020/21	Forecast Outturn 2020/21	Over / (Underspend)	Carry Forward Requests/ Drawbacks
Total Capital Programme Gross Expenditure - Stage 3 and BAU	1,789,396	16,219,031	12,192,359	9,669,922	(786,723)	(1,735,714)
Stage 2	0	4,042,775	3,677,675	3,815,000	0	137,325
Stage 1	0	352,300	900,800	538,500	(20,000)	(342,300)
Pre-Stage 1	0	3,503,513	0	0	0	0
Total Capital Programme Gross Expenditure	1,789,396	24,117,619	16,770,834	14,023,422	(806,723)	(1,940,689)

3.1.2 The capital programme spend to date is £1.789m against a revised budget of £16.771m. Expenditure is forecast to be £14.023m resulting in an £2.748m variance. The variance consists of:

- £1.941m which is planned to be rephased. Of this amount £1.325m is to be brought forward from 21/22 with £3.266m to be slipped to future financial years.

- There are net projected underspends of £0.807m, significant items being £0.437m relating to the Trinity Arts Centre Improvement Projects where the current scheme has now closed and will be redesigned in light of the current Covid situation, £0.273m relating to the Public Sector Hub, the scheme is now closed and will also be remodeled and £0.146m of Capital Enhancements to Council Owned assets.

Subject to Committee approval the capital programme will be reduced in this financial year to reflect the amendments with £14.023m being the new Revised Budget for future monitoring purposes.

3.1.3 Individual schemes are detailed in the table below and commentary provided on performance.

Capital Investment Programme 2020/21

Corporate Priority / Scheme	Stage (1 April 2020)	Stage	Actuals to 30/09/2020	Original Budget 2020/21	Revised Budget 2020/21	Forecast Outturn 2020/21	Over/ (Underspend)	Carry Forward Requests/ Drawbacks	Comments
			£	£	£	£	£	£	
Vulnerable Groups & Communities									
Flooding Resilience	Stage 3	Stage 3	8,327	0	50,000	50,000	0	0	
Health and Wellbeing									
Disabled Facilities Grants	BAU	BAU	181,315	840,631	762,714	500,000	0	(262,714)	DFG work has recommenced in Sept. Due to limitation on contractors available in the current covid 19 situation, residual budget to be slipped to 2021/22
Private Sector Renewal	Stage 3	Stage 3	84,527	100,000	141,640	141,640	0	0	
Social Housing Scheme	Stage 3	Stage 3	0	300,000	1,000,000	1,000,000	0	0	
Leisure Facilities - Market Rasen	Stage 3	Stage 3	768,426	0	1,104,182	1,104,182	0	0	
Economy									
Market Rasen 3 year vision	Stage 2	Stage 2	0	200,000	200,000	0		(200,000)	Delayed as a result of Covid-19 but hoping to agree scope of spend and implement plans before the end of the year. Slippage to 2021/22
Hemswell Masterplan - Public Realm Improvements	Stage 2	Stage 2	0	150,000	150,000	50,000	0	(100,000)	c/f to 21/22 for Hemswell Cliff investment for growth scheme
Food Enterprise Zone infrastructure	Pre-Stage 1	Pre-Stage 1	0	1,983,513	0	0	0	0	
Crematorium	Stage 3	Stage 3	(10,920)	0	0	0	0	0	
Gainsborough Heritage Regeneration - THI	Stage 2	Stage 2	0	332,775	480,675	170,000	0	(310,675)	Successful recrutiment to THI officers means the scheme is now progressing but will be rephased over the residual term
Gainsborough Shop Front Improvement Sch	Stage 3	Stage 3	0	40,000	85,000	15,000	0	(70,000)	One scheme to complete in December, no further applications anticipated in 2020/21 due to Covid situation so scheme slipped to 2021/22
5-7 Market Place - Redevelopment	Stage 1	Stage 1	0	352,300	387,300	45,000	0	(342,300)	Initial preliminary surveys will be completed in Dec 2020/21, the scheme will not start on site until mid 2021/22
Trinity Arts Centre Improvement Projects	Stage 3	Stage 3	63,191	250,000	500,000	63,200	(436,800)	0	Scheme is now closed, given the current covid situation and new business case and associated capital bid will be requested for 2021/22
Gainsborough Growth - Grant for development (Cinema)	Stage 2	Stage 2	0	2,350,000	500,000	610,000	0	110,000	slipped in Q1 now to be pulled back from 2021/22 to fund land acquisition costs
Gainsborough Regeneration - Corringham Road Junction (Refcus)	Stage 2	Stage 2	0	1,010,000	1,010,000	1,010,000	0	0	
Riverside Walk Acquisition	Stage 1	Stage 1	0	0	493,500	493,500	0	0	
Saxilby Industrial Units	Stage 3	Stage 3	(15,000)	0	0	0	0	0	
Riverside Gateway (CPO)	Pre-stage 1	Pre-stage 1	0	1,460,000	0	0	0	0	
Made in Gainsborough	Stage 3	Stage 3	60,041	0	60,000	60,000	0	0	Scheme completed
The Sun Inn - Capital Grant	Stage 3	Stage 3	25,413	0	0	58,269	58,269	0	Scheme had completed in 2019/20 with a reported underspend, additional costs have been addressed in 2020/21 and the budget requires reinstatement financed from investment for growth reserve
Public Safety & Environment									
Vehicle Replacement Programme	BAU	BAU	49,000	0	52,500	89,000	0	36,500	Acquisition of a new vehicle has had to be brought forward from 2021/22 due to high maintenance costs of vehicle to be replaced. Clawback of budget from 2021/22
Depot Review	Stage 3	Stage 3	173,672	4,600,000	4,819,527	3,219,527	0	(1,600,000)	Work on site has now commenced and will complete in Sep 2021, phasing of capital spend is due to be finalised in October but initial indications are that £1.6m needs to be slipped to 2021/22
CCTV Expansion	Stage 3	Stage 3	0	0	199,265	199,265	0	0	

Capital Investment Programme 2020/21

Corporate Priority / Scheme	Stage (1 April 2020)	Stage	Actuals to 30/09/2020	Original Budget 2020/21	Revised Budget 2020/21	Forecast Outturn 2020/21	Over/ (Underspend)	Carry Forward Requests/ Drawbacks	Comments
Housing Growth									
Unlocking Housing - Living over the Shop	Stage 3	Stage 3	0	100,000	175,000	175,000	0	0	
Gainsborough Regeneration - Bowling Green Road (Refcus)	Stage 3	Stage 3	321,793	2,162,000	1,621,500	2,162,000	0	540,500	Start on site achieved May 2020 and scheme progressing against agreed milestones. Anticipate completion by December 2020 with all funds defrayed by end of Q4.
Housing Infrastructure (Southern SUE)	Stage 2	Stage 2	0	0	1,337,000	1,975,000	0	638,000	First claim received as of 30/09/2020.Clawback 2021/22 £638k in alignment with developers cashflow and claim projection
Finances									
Car Park Strategy Investment	Stage 3	Stage 3	0	0	0	0	0	0	
Financial Management System	Stage 3	Stage 3	0	220,000	270,000	125,000	0	(145,000)	26week project, commencement in January so scheme will slip into 2021/22
Capital Enhancements to Council Owned Assets	BAU	BAU	0	110,000	185,805	15,000	(145,805)	(25,000)	Car parking relining will complete in 2020/21 all other capital schemes will commence in 2021/22. This years budget will be retained in the Ear-marked reserve for use once a full condition survey is completed
Bus Station	Pre-stage 1	Pre-stage 1	0	60,000	0	0	0	0	
Carbon Efficiency	Stage 3	Stage 3	0	0	210,000	0	0	(210,000)	Scheme has not progressed due to the availability of contractors to carry out this work. Scheme slipped to 2021/22
Customer									
Telephony (incl. Contact Centre)	Stage 3	Stage 3	0	19,400	19,400	19,400	0	0	
Customer Relationship Management System	Stage 3	Stage 3	42,823	280,000	355,000	366,000	11,000	0	Additional spend Paylink integration into CRM and associated upgrade
3 D Secure Payment Software	Stage 3	Stage 3	0	0	12,000	12,000	0	0	
Performance Management System	Stage 1	Stage 1	0	0	10,000	0	(10,000)	0	no longer required part of ERP system
Income Management	Stage 3	Stage 3	0	0	48,650	48,650	0	0	
Staff & Members									
Public Sector Hub - Property	Stage 3	Stage 3	0	100,000	273,387	0	(273,387)	0	Scheme is now closed. The scheme needs to be remodelled and this will result in a new capital bid if appropriate.
Storage Refresh	BAU	BAU	0	80,000	210,000	210,000	0	0	
Firewall Update	BAU	BAU	36,789	17,000	36,789	36,789	0	0	
Project Management Software	Stage 1	Stage 1	0	0	10,000	0	(10,000)	0	no longer required part of ERP system
Investment									
Commercial Investment - Property Portfolio	Stage 3	Stage 3	0	7,000,000	0	0	0	0	no planned spend in 20/21
Total Capital Programme Gross Expenditure			**1,789,396**	**24,117,619**	**16,770,834**	**14,023,422**	**(806,723)**	**(1,940,689)**	

3.2 Capital Programme Update 2020/21

3.2.1 The following projects require re-phasing, affecting future financial years of the current capital programme in the 5 year MTFP:

Approvals to carry forward £3.266m from 2020/21 to 2021/22 are requested for the following schemes.

- Disabled Facilities Grant (£0.263m)
- Market Rasen 3 year vision (£0.200m)
- Hemswell Masterplan – Public Realm Improvements (£0.100m)
- Gainsborough Heritage Regeneration THI – (£0.311m) budget to be slipped over the next 4 years.
- Gainsborough Shop Front Improvement Scheme – (£0.070m)
- 5-7 Market Place Redevelopment – (£0.342m)
- Central Depot Review - (£1.6m)
- Financial Management System - (£0.145m)
- Carbon Efficiency – (£0.210m)
- Capital Enhancements to Council Owned buildings (£0.025m)

Approval to bring forward funding £1.325m from 2021/22 to 2020/21 for the following schemes:

- This committee has previously approved a budget of £2.194m for Housing Infrastructure Scheme (Southern SUE) to be fully funded by a grant from Homes England – Housing Infrastructure Fund commencing in 2021/22. Members previously approved to bring forward £1.337m of this budget into 2020/21 they are now asked to approve to bring forward a further £0.638m from 2021/22 to 2020/2021 to align to the developers programme.
- Gainsborough Growth Cinema - bring forward £0.110m previously slipped to 2021/22 to fund land acquisition costs.
- Gainsborough Regeneration Bowling Green Road – bring forward £0.540m previously slipped to 2021/22 now anticipated completion by December 2020.
- Vehicle Replacement Programme – approval to bring forward £0.037m for the replacement of a vehicle due to high maintenance costs of the vehicle to be replaced.

3.2.2 £0.876m of the current capital programme has been assessed as not needed or no longer required for capital purposes, however two schemes require financing of £0.069m resulting in a net underspend of £0.807m.

The Underspend of £0.876m is made up of the following amounts:

- Trinity Arts Improvement Projects scheme no longer progressing in its current form - £0.437m
- Council Improvements to Council Owned Assets budget to be returned to earmarked reserve for use once condition survey is

completed.- £0.146m

- Performance Management System – budget no longer required scheme part of Phase 1 ERP - £0.010m
- Public Sector Hub Property – scheme no longer progressing in its current form- £0.273m
- Project Management Software budget no longer required scheme part of Phase 2 ERP - £0.010m

The overspend of £0.069m is made up of the following:

- The Sun Inn – Capital Grant project from 2019/20 remaining balance of £0.058m needs to be reinstated as further eligible expenditure has been claimed and other grant conditions may be met in the current financial year.
- Customer First Programme (CRM) – Request for approval to spend £0.011m for Integration of pay link with CRM system and an associated upgrade to be financed from the Project Investment Reserve

3.3 Acquisitions, Disposals and Capital Receipts

3.3.1 The Council has made the following asset acquisitions during Quarter 2.

- Land for New Depot at Caenby Corner

3.3.2 **The** Council has not made any disposals.

3.3.3 Capital Receipts - The total value of capital receipts at the end of Quarter 2 was £137k this was due to income of £125k from the Housing Stock Transfer Agreement share of Right to Buy receipts and £12k loan repayments.

4. TREASURY MONITORING – PERIOD 2 (Jul - Sept)

The Treasury Management Strategy Statement (TMSS) for 2020/21, which includes the Annual Investment Strategy, was approved by the Council on 02 March 2020. It sets out the Council's investment priorities as being:

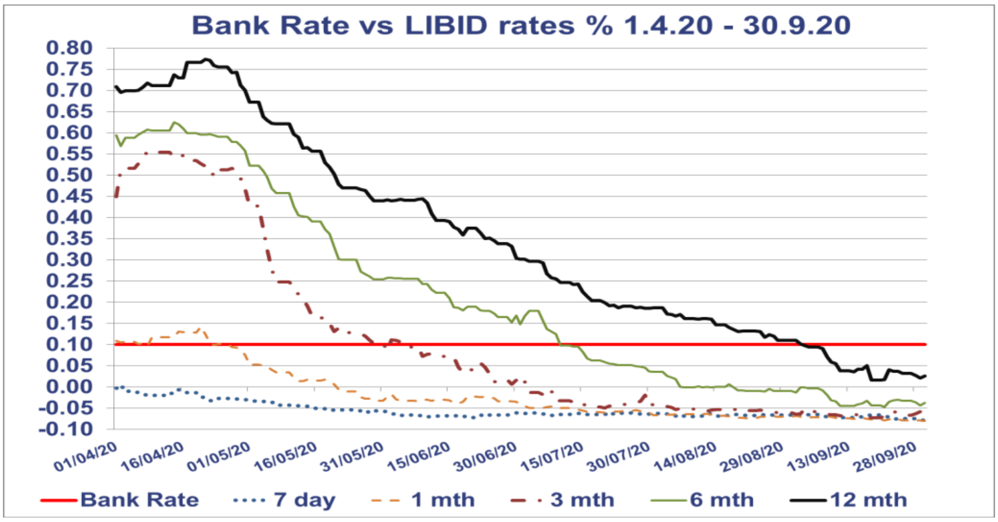
- Security of capital;
- Liquidity; and
- Yield.

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions, using our suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

4.1 Officers can confirm that there have been no breaches of Prudential Indicators as detailed at 4.7 below.

4.2 Interest received (Jul-Sep) has been in excess of the 7 day average libid (-0.06%) with an average yield of 0.842% (including CCLA) and 0.152% (excluding CCLA). It is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%. Given this risk environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31st March 2023, investment returns are expected to remain low. The Council budgeted to receive £0.211m of investment income, the forecast outturn is now £0.145m.

Quarter ended 30 September 2020:



	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.10	0.00	0.14	0.56	0.62	0.77
High Date	01/04/2020	02/04/2020	20/04/2020	08/04/2020	14/04/2020	21/04/2020
Low	0.10	-0.08	-0.08	-0.07	-0.05	0.02
Low Date	01/04/2020	30/09/2020	30/09/2020	18/09/2020	21/09/2020	18/09/2020
Average	0.10	-0.06	-0.02	0.11	0.21	0.35
Spread	0.00	0.08	0.22	0.63	0.67	0.76

4.3 Interest Rate Forecasts

The Council's treasury advisor, Link Group, have provided the following forecasts on 11 August 2020:

Link Group Interest Rate View 11.8.20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings	0.05	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings	0.15	0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate	1.90	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

Link Asset Services detailed economic commentary on developments during quarter ended 30 September 2020 is included in Appendix 1.

Appendix 2 details Link Asset Services detailed commentary on Interest Rate Forecasts (as at end Sept)

Appendix 3 details the Approved countries for investments as at 30 September 2020. (As at end Sept)

4.4 Investment in Local Authority Property Fund (CCLA)

The total the Council has invested now stands at £3m (of an approved £4m). Interest is receivable on a quarterly basis with Q2 due during October. The effects of Covid-19 (coronavirus) has resulted in a sharp fall in economic activity and in significant declines in the value of many assets.

Investments and redemptions from the property fund were placed on hold in the first half of the financial year. From the 28 September 2020 the fund re-opened for transactions, however redemptions are now subject to a 90 day notice period.

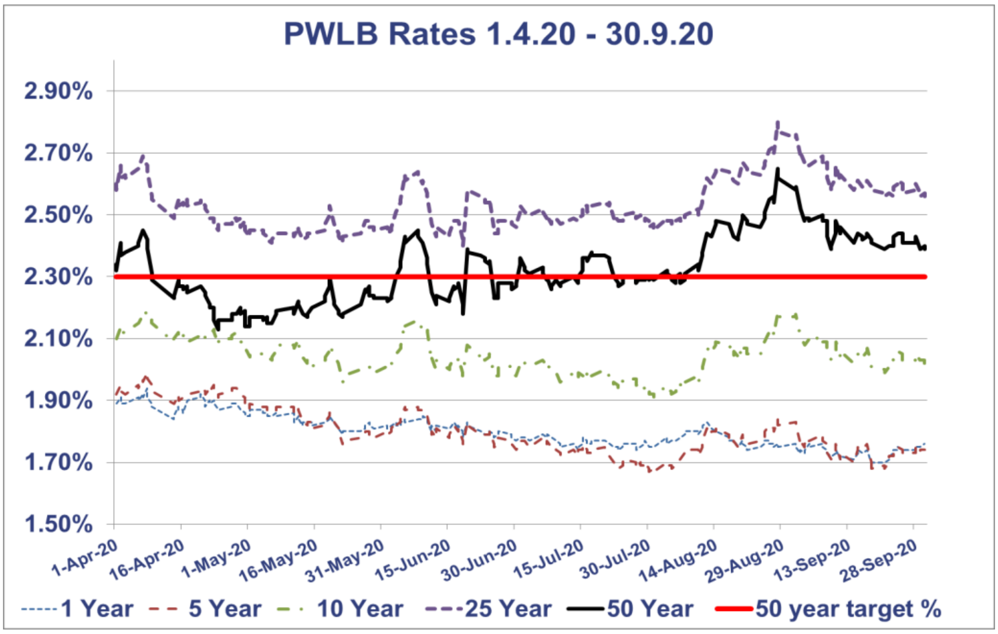
It is anticipated the fund value will drop this financial year by circa 6%-10%.

4.5 New External Borrowing

No new borrowing was undertaken in the second quarter of the financial year.

The Council's total external borrowing stands at £20m.

It is anticipated that further borrowing will be undertaken during this financial year.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.70%	1.67%	1.91%	2.40%	2.13%
Date	18/09/2020	30/07/2020	31/07/2020	18/06/2020	24/04/2020
High	1.94%	1.99%	2.19%	2.80%	2.65%
Date	08/04/2020	08/04/2020	08/04/2020	28/08/2020	28/08/2020
Average	1.80%	1.80%	2.04%	2.54%	2.33%

4.6 Borrowing in advance of need

The Council has not borrowed in advance of need during the period ending 31 September 2020.

4.7 Compliance with Treasury and Prudential Limits

It is statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy (TMS).

During the financial year to date the Council has operated within these treasury and prudential indicators and in compliance with the Council's Treasury Management Practices.

The prudential and treasury Indicators are shown below and take into account the revisions to the Capital Programme as detailed in section 3 of this report.

	Original £'000	P1 £'000	Q2 £'000
Treasury Indicators			
Authorised limit for external debt	55,307	55,307	55,307
Operational boundary for external debt	38,189	28,229	25,004
External Debt Long term Leases Investments	38,189 0 (13,321)	24,220 0 (12,066)	23,004 0 (14,726)
Net Borrowing	**24,868**	**12,154**	**8,278**
Prudential Indicators			
Capital Expenditure	24,118	14,028	14,023
Capital Financing Requirement (CFR)* *Of Which Commercial Property*	50,307 *30,000*	45,862 *21,666*	40,146 *21,666*
Annual change in CFR*	9,937	7,956	2,240
In year borrowing requirement	38,189	24,220	23,004
Under/(over)borrowing	12,118	21,642	17,142
Ratio of financing costs to net revenue stream*	8.89%	6.07%	3.74%
Incremental impact of capital investment decisions:			
Increase/(Reduction) in Council Tax (band change per annum)	£1.25	£0.74	£0.13

4.8 The Monthly Investment Review report for September is attached below;

West Lindsey District Council

Monthly Investment Analysis Review

September 2020

Monthly Economic Summary

General Economy

The UK Flash (i.e. provisional) Manufacturing PMI fell to 54.3 in September from August's final release of 55.2, as both output and new business growth slowed from August's recent peak. Similarly, the Flash Services PMI eased to 55.1 in September from 58.8 in August, signifying the slowest growth in the sector for three months. In turn, these releases led to the Flash Composite PMI (which incorporates both sectors), falling to 55.7 in September from 59.1 in August. Meanwhile, the construction PMI, which is released one month behind the others, fell to 54.6 in August from 58.1 in July, as a lack of new contracts to replace completed contracts acted as a brake on the speed of expansion. In spite of the recent reduction in activity levels, all sectors remained comfortably in "expansion" territory – i.e. a reading in excess of 50 – as the economy continued to recover.

The final reading of second quarter GDP confirmed that the UK contracted by 19.8% q/q and 21.5% y/y, which were both marginally lower than preliminary estimates (of 20.4% and 21.7% respectively). However, more timely monthly GDP data for July confirmed that the economy grew by 6.6% m/m compared to June, registering it's third consecutive month of growth since April's 20.4% m/m contraction. During this time the UK economy has grown by 18.6%, although it remains 11.7% smaller than in February, prior to the outbreak of the pandemic. Elsewhere, data showed that imports rose 7.5% m/m in July, outpacing a 3.5% rise in exports, causing the UK's trade surplus to narrow to £1.1 billion from a downwardly revised £3.9 billion in June.

Although the economy grew during July, the unemployment rate rose to 4.1% in the three months to July from 3.9% in the three months to June, as the number of people in work fell by 12,000. Since this data related to the period before the furlough scheme started to be unwound in August however, arguably of greater significance was the fact that the number of people claiming unemployment benefits rose by 73,700 in August, little changed from July's 69,900 rise – perhaps suggesting that the overwhelming majority of the estimated 3 million workers that have come off furlough since June have, to date, gone back to their jobs rather than into unemployment or inactivity. This may, in turn, explain July's upturn in average earnings (including bonuses), which contracted just 1% y/y in the three months to July compared to a 1.2% y/y fall in the three months to June - as many of those workers would have gone from receiving 80% of their salaries on the furlough to 100% upon returning to work.

UK inflation, as measured by the Consumer Price Index, fell to just 0.2% y/y in August compared to 1% in July, but was slightly higher than market expectations of a flat reading. This was the lowest reading since December 2015, driven largely by big price falls from restaurants and cafes due to the Eat Out to Help Out Scheme which was live throughout the month. This scheme had also had a positive impact on service sector activity in August and its conclusion can account for the last part of the fall in the PMI in September. As a result, consumer prices fell by 0.4% m/m in August, recording their biggest drop since January 2019. Similarly, the core inflation rate – which strips out the more volatile components like energy, food and alcoholic beverages – fell to 0.9% y/y in August, down from 1.8% in July, recording its lowest reading since June 2015. With inflation so far below target, it was no surprise to see the Monetary Policy Committee leave monetary policy unchanged during its September meeting - although the market did note that the Committee had been briefed on how a negative Bank Rate might be implemented effectively. As detailed in our forecast below, Link Group continues to expect Bank Rate to remain at 0.1%.

Buoyed partly by the impact of the Eat Out to Help Out scheme, retail sales rose by 0.8% m/m in August, slightly outperforming market expectations of a 0.7% rise. Retail sales are now 4% higher than their pre-pandemic level in February and up 2.8% y/y. The GfK Consumer Confidence Index, meanwhile, rose to -25 in September from -27 in August, but remains considerably lower than the -7 reading in February, prior to the pandemic.

Reflecting the impact of public health measures and government policies to support the economy during the coronavirus pandemic, the UK reported a record public sector current budget deficit (excluding public sector banks) of £32.0 billion in August, compared to July's £13.6 billion deficit. August's deficit compares to a deficit of just £3.1 billion a year earlier. Excluding public sector-owned banks, borrowing was a record £35.9 billion, roughly seven times more than in August 2019.

In the US, the economy added another 1.4 million jobs in August, which was slightly below both market expectations and the downwardly revised 1.7 million jobs added in July. Nevertheless, the unemployment rate fell further as a result, to 8.4% from July's 10.2% rate, and below market expectations of 9.8% rate. With prices (as measured by the Fed's preferred core Personal Consumption Expenditure deflator) having fallen by 0.8% in Q2, it was no surprise to see the Federal Reserve maintain their current monetary policy stance during September's meeting. In so doing however, they also noted that the Federal Funds Rate target range is expected to remain between 0-0.25% until labour market conditions are consistent with their assessment of maximum employment and that inflation is above 2% and on track to moderately exceed it for some time.
In Europe, the final estimate for GDP confirmed that the Eurozone economy shrank by 11.8% q/q in Q2, compared to a 3.6% contraction in the previous quarter, and slightly lower than initial estimates of a 12.1% contraction. While better than the initial estimates, two consecutive periods of contraction meant that the bloc's economy was now in recession. In addition, this figure meant that, for the second quarter in a row, the bloc has suffered its steepest ever contraction. With the final estimate of Eurozone inflation showing that prices fell by 0.2% y/y in August, the ECB decided again to leave both policy rates and its coronavirus stimulus programme unchanged during its September meeting.

Housing

Both the Halifax and Nationwide house price indices rose during August, by 1.6% m/m and 2% m/m respectively. As such, prices are now 5.2% and 3.7% higher than a year ago respectively, their recent gains partly driven by the stamp duty holiday announced by the Chancellor earlier this year.

Currency

The prospect of a no deal Brexit undermined Sterling this month, which fell against both the Dollar and the Euro.

September	Start	End	High	Low
GBP/USD	$1.1241	$1.1025	$1.1241	$1.0805
GBP/EUR	€ 1.34	€ 1.29	€ 1.34	€ 1.27

Forecast

Both Link Group and Capital Economics have maintained their interest rate forecasts amid the coronavirus outbreak. Bank Rate is forecast to remain unchanged at 0.1% throughout 2020 and 2021.

Bank Rate	Now	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Group	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Capital Economics	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	-	-	-	-	-

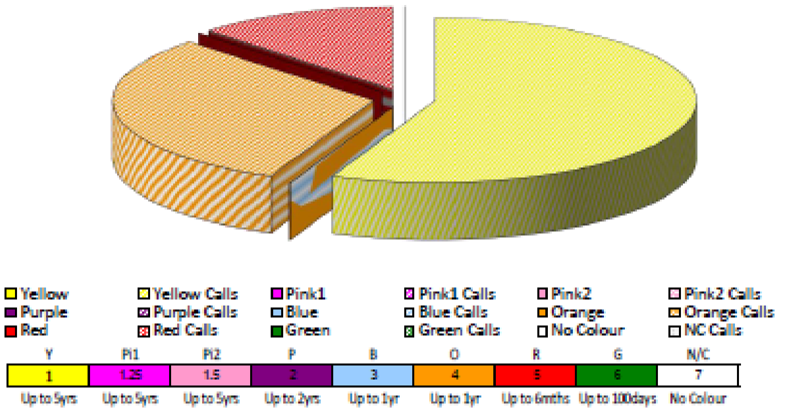
West Lindsey District Council

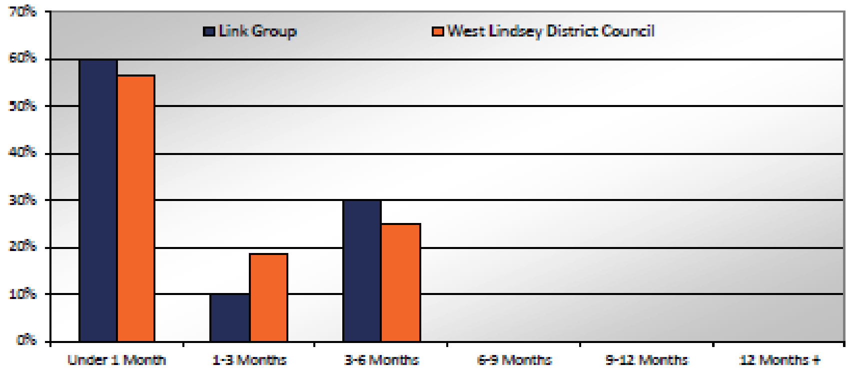
Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
MMF LGIM	1,560,000	0.05%		MMF	AAA	0.000%
MMF Aberdeen Standard Investments	7,500,000	0.09%		MMF	AAA	0.000%
Lloyds Bank Plc (RFB)	2,000,000	0.10%		Call32	A+	0.005%
Santander UK Plc	1,000,000	0.47%		Call35	A	0.005%
Lloyds Bank Plc (RFB)	3,000,000	0.20%		Call95	A+	0.014%
Santander UK Plc	1,000,000	0.50%		Call95	A	0.014%
Borrower - Funds	**Principal (£)**	**Interest Rate**	**Start Date**	**Maturity Date**		
CCLA-LAPF	3,000,000	-3.40%				
Total Investments	**£19,060,000**	**-0.40%**				
Total Investments - excluding Funds	**£16,060,000**	**0.16%**				**0.004%**
Total Investments - Funds Only	**£3,000,000**	**-3.40%**				

West Lindsey District Council

Portfolio Composition by Link Group's Suggested Lending Criteria





Portfolios weighted average risk number = 2.43

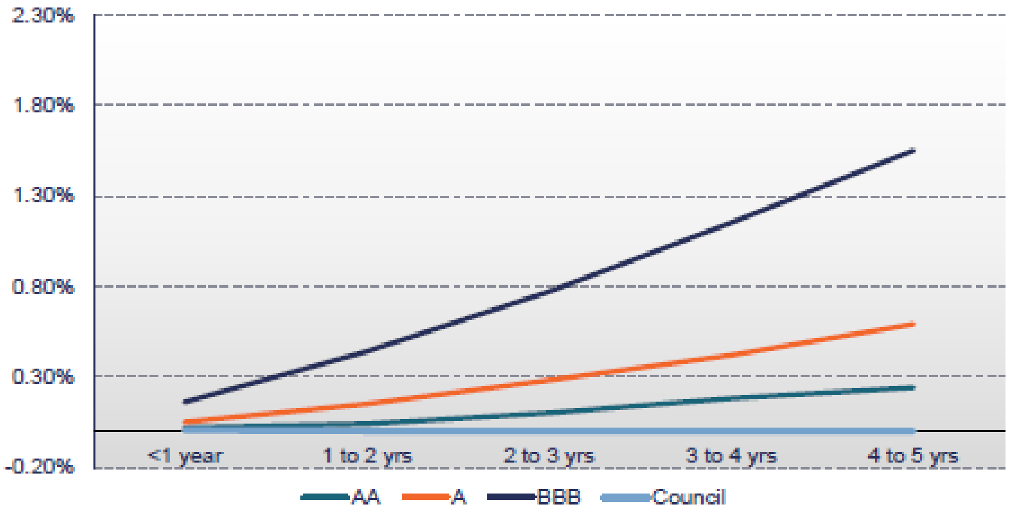
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/USDBFs WAM	Excluding Calls/MMFs/USDBFs WAM at Execution
Yellow	56.41%	£9,060,000	100.00%	£9,060,000	56.41%	0.08%	0	0	0	0
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	31.13%	£5,000,000	100.00%	£5,000,000	31.13%	0.16%	70	70	0	0
Red	12.45%	£2,000,000	100.00%	£2,000,000	12.45%	0.49%	65	65	0	0
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
	100.00%	**£16,060,000**	**100.00%**	**£16,060,000**	**100.00%**	**0.16%**	**30**	**30**	**0**	**0**

West Lindsey District Council

Investment Risk and Rating Exposure

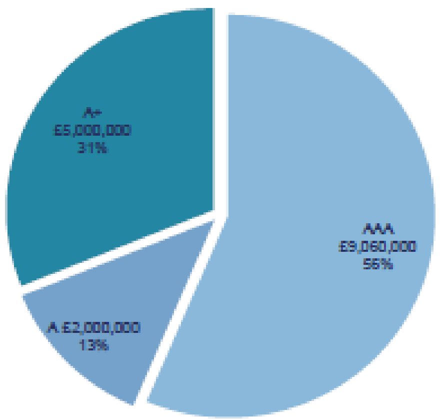
Investment Risk Vs. Rating Categories



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.10%	0.18%	0.24%
A	0.05%	0.15%	0.28%	0.42%	0.59%
BBB	0.16%	0.44%	0.77%	1.15%	1.55%
Council	0.004%	0.000%	0.000%	0.000%	0.000%

Rating Exposure



Historic Risk of Default
This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.
Chart Relative Risk
This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.
Rating Exposures
This pie chart provides a clear view of your investment exposures to particular ratings.

West Lindsey District Council

Monthly Credit Rating Changes
FITCH

Date	Update Number	Institution	Country	Rating Action
15/09/2020	1772	Cooperatieve Rabobank U.A.	Netherlands	The Long Term and Short Term ratings were downgraded to 'A+' from 'AA'- and 'F1' from 'F1+' respectively. At the same time, the Negative Watch on the Long Term, Short Term and Viability ratings were removed. The Long Term Rating was placed on Negative Outlook.
15/09/2020	1773	ABN AMRO Bank N.V.	Netherlands	The Long Term Rating was downgraded to 'A' from 'A+'.
16/09/2020	1774	ING Bank N.V.	Netherlands	The Long Term, Short Term and Viability Ratings were removed from Negative Watch. At the same time, the bank's Long Term Rating was placed on Negative Outlook.
18/09/2020	1775	Svenska Handelsbanken AB	Sweden	The Long Term and Viability Rating were removed from Negative Watch. At the same time, the Long Term Rating was placed on Negative Outlook.
18/09/2020	1776	Skandinaviska Enskilda Banken AB	Sweden	The Long Term, Short Term and Viability Ratings were removed from Negative Watch. At the same time, the bank's Long Term Rating was placed on Negative Outlook.
18/09/2020	1777	Nordea Bank Abp	Finland	The Long Term, Short Term and Viability ratings were removed from Negative Watch. At the same time, the bank's Long Term Rating was placed on Negative Outlook.
28/09/2020	1779	DBS Bank Ltd.	Singapore	The Long Term and Viability Ratings were removed from Negative Watch. At the same time, the bank's Long Term Rating was placed on Negative Outlook.
28/09/2020	1779	United Overseas Bank Ltd	Singapore	The Long Term and Viability Ratings were removed from Negative Watch. At the same time, the bank's Long Term Rating was placed on Negative Outlook.
28/09/2020	1779	Oversea-Chinese Banking Corporation Ltd	Singapore	The Long Term and Viability Ratings were removed from Negative Watch. At the same time, the bank's Long Term Rating was placed on Negative Outlook.

West Lindsey District Council

Monthly Credit Rating Changes
MOODY'S

Date	Update Number	Institution	Country	Rating Action
03/09/2020	1771	Wells Fargo Bank, NA	United States	The Outlook on the Long Term Rating was changed to Negative from Stable.
21/092020	1778	West Bromwich Building Society	United Kingdom	The Outlook on the Long Term Rating was changed to Negative from Stable.

West Lindsey District Council

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action
				No rating changes to report.

West Lindsey District Council

APPENDIX 1: Economics update

During the quarter ended 30th September 2020 *(quarter 3 of 2020):*

- There was a quicker than expected recovery in GDP in June and July;
- Retail spending rose 4.0% above its pre-virus level, but the recovery in investment lagged behind;
- There was a second wave of the virus and a tightening in COVID-19 restrictions in September;
- In September, the Chancellor announced a new fiscal package worth £5bn (0.2% of GDP) to support the economy;
- Concerns about a second wave and a no deal Brexit weighed on the FTSE 100 and the pound;
- There were divisions on the Monetary Policy Committee over the possible use of negative interest rates;

The initial economic recovery appears to have been quicker than anticipated. GDP rose by 2.4% m/m in May as manufacturing and construction work resumed, by 8.6% m/m in June as non-essential retail stores reopened, and by 6.6% m/m in July as pubs and restaurants reopened. The rise in the all sector PMI from 57.1 in July to 58.7 in August suggests that recovery continued at a strong pace in August. Indeed our 'CE BICS Indicator' suggests that the economy grew by 5.0% m/m in August.

Consumer spending appears to have recovered strongly. Retail sales rose by 0.8% m/m in August, pushing them 4.0% above their pre-pandemic level. The mini-boom in the housing market meant transactions rose by 28.9% y/y in August. Nationwide house prices rose by 0.9% m/m in September, which pushed up the annual rate to 5% – a four-year high. The Eat Out to Help Out, (EOHO), restaurant discount scheme and pent-up demand, also suggest that non-retail spending did well in August.

But this strength largely reflects the success of the government's fiscal support since March. Indeed, it is encouraging that the bulk of the 4 million workers that have come off the furlough scheme between May and the end of July have gone back to their jobs rather than into unemployment or inactivity.

Even so, there have been signs that households' appetite for credit is waning. Consumer credit rose by only £0.3bn in August compared to July's £1.1bn rise. Admittedly, it could be that consumers are just using cash saved during lockdown to finance big ticket purchases. Indeed, the household saving rate surged from 9.6% in Q1 to a record-high of 29.1% in Q2. But consumer confidence has also weakened, slipping from -16.6 in August to -17.9 in September according to the EC.

What's more, having fallen by 26.5% q/q in Q2, business investment still seems to be well below pre-pandemic levels. According to the latest ONS Business Impact of the COVID-19 Survey (BICS), 38% of businesses said their plans to expand had been scaled back or cancelled since the pandemic. And the Bank of England's Agents survey suggested that investment intentions remain close to their record lows.

Meanwhile, there have been worrying signs that activity started to drop in September. Footfall on UK high streets had fallen to -45% y/y by mid-September. And despite not even having returned to its pre-crisis level, seasonally adjusted car production dropped by 24% m/m in August.

The Chancellor announced further fiscal support in September. The centrepiece of his Winter Economic Plan (WEP) was the six-month long "Job Support Scheme" starting on 1 November. Under the scheme, the government will pay a maximum of 22% of worker's salaries and the company pays a minimum of 55%, as long as the employee is working a third of normal hours. The WEP also included an extension of the VAT cut for hospitality/tourism from 20% to 5% from 13 January to 31 March. All in, the Chancellor's new measures will probably cost around £5bn (0.2% of 2019 GDP), bringing the total cost of the government's direct fiscal measures to about £220bn (10% of GDP).

The mounting fiscal cost of the crisis is being reflected in public finance figures. Indeed, the government borrowed another huge sum of £35.9bn in August, leaving borrowing in the year to date at £173.5bn. That's already the highest cash figure on record, with seven months of the financial year still to go (the previous record was £158.3bn in 2009/10). Add in the effects of the weak economy and we think that the Chancellor could end up borrowing a huge £370bn (18.4% of GDP) in 2020/21 as a whole.

But the new package is unlikely to fully offset the hit to GDP and employment from the government's COVID-19 restrictions announced on 22 September. Indeed, the UK has begun to grapple with a second wave of coronavirus infections, with daily cases averaging about 5,500 during the last week of September (up from just 1,000 per day a month earlier). Consequently, new restrictions were brought in so that bars and restaurants have to close at 10pm, the reopening of other parts of the sports and hospitality sectors will be delayed, and people were advised to resume working from home if they can. This won't prevent some sectors from continuing to recover but will cause others to go backwards.

That is why we think that an impressive rebound in GDP of about +18% q/q in Q3 will give way to no rise at all in October. Add in some further restrictions as well as the drag on activity from the uncertainty over Brexit, and GDP may not rise in November and December either. Meanwhile, we still expect the unemployment rate to rise further, from 4.1% in July to 7% in Q4 2021.

This supports our existing view that the Bank of England will ease monetary policy further. Admittedly, the sharp drop in CPI inflation from +1.0% in July to +0.2% in August, due to the effects of the cut in VAT for hospitality/tourism and August's EOHO restaurant discount scheme, probably represents the low point for inflation. We expect CPI inflation to have risen to +0.6% in September and it could temporarily rise to 2.0% at the end of 2021. But the big picture is that it will be a few years before the economy is strong enough to sustain CPI inflation at the Bank of England's 2% target.

However, unlike the financial markets, we do not think the Bank will use negative rates in the next six months. Admittedly, in its September minutes, the MPC commented that it "had been briefed on the Bank's plans to explore how a negative Bank Rate could be implemented effectively". And MPC member Silvana Tenreyro noted the "encouraging" evidence on the use of negative rates in Japan and the euro-zone. But Bank of England Governor Andrew Bailey, and other MPC members such as Dave Ramsden and Andy Haldane, have talked down the prospect. So for the next 6-12 months, we think that QE will remain the tool of choice and that another £250bn of QE will be used over the next year, significantly more than the consensus forecast.

There are two key downside risks to the outlook. The first of these is the possibility that restrictions are tightened much further to contain the spread of coronavirus. If the government resorted to a two-week national lockdown at some point, that could reduce the level of GDP by 5% and push the point at which the economy returns to its pre-crisis level back by a year. This would also increase the possibility that the Bank of England has to do more at a later stage.

The second risk is a no deal Brexit at the end of the transition period on 31 December 2020. With just two weeks to go until Boris Johnson's 15 October deadline to reach a deal before the UK walks away and only three months until the transition period expires, it doesn't appear as though the two sides are nearing an agreement. **A no deal on 31 December is unlikely to spell disaster for the economy.** But it could lead to a hit to GDP of 1-3% depending on the type of no deal, setting back the UK's recovery from the recession.

The concerns about the consequences for the economy from a second wave of COVID-19 and a no deal Brexit have reduced the FTSE 100 almost back to May's level and weakened the pound from $1.35 to $1.28. Some spreads of corporate bonds over gilt yields such as BBB ones, have started to tick up. With COVID-19 and a no deal Brexit risks rising, the risks to our forecast that the FTSE 100 will rebound to its pre-crisis level by the end of 2022 and that the pound will climb back to $1.35 if there is a Brexit deal are firmly on the downside.

In the euro-zone, there is further evidence that the economic recovery is grinding to a halt. This has resulted in short-time working policies being extended in Europe's Big Four until the end of the year at a minimum. And there is a good chance that the ECB will provide additional stimulus soon, perhaps making the TLTROs more generous.

The continued economic recovery in the US in the face of its second wave in June and July has been impressive, but GDP remains below pre-virus levels. And while the Fed adopted “a flexible form of average inflation targeting” in August, it has offered no hints it is contemplating adding more stimulus soon. But the calls for more stimulus may grow louder if the recovery slows, particularly if Congress can’t agree on more fiscal support.

APPENDIX 2: Interest rate forecasts

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its last meeting on 6th August, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31st March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

GILT YIELDS / PWLB RATES. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had, therefore, already been on a generally falling trend up until the coronavirus crisis hit western economies during March. After gilt yields initially spiked upwards in March, we have seen yields fall sharply in response to major western central banks taking rapid policy action to deal with excessive stress in financial markets during March, and starting massive quantitative easing driven purchases of government bonds: these actions also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in "normal" times would have caused bond yields to rise sharply. At the close on 30th September, all gilt yields from 1 to 6 years were in negative territory, while even 25-year yields were only at 0.76% and the 50 year at 0.60%.

From the local authority borrowing perspective, HM Treasury imposed **two changes of margins over gilt yields for PWLB rates** in 2019-20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then, at least partially, reversed for some forms of borrowing on 11th March 2020, but not for mainstream non-HRA capital schemes. At the same time the Government announced in the Budget a programme of increased infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; the HM Treasury consultation was initially due to end on 4th June, but that date was subsequently put back to 31st July. To date, the outcomes of the consultation have yet to be announced but it is clear that HM Treasury will most likely no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the primary aim is to generate an income stream (assets for yield).

Following the changes on 11th March 2020 in margins over gilt yields, the current situation is as follows: -

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)

- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the HM Treasury consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year.

As the interest forecast table for PWLB certainty rates, (gilts plus 180bps), above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020/21.

APPENDIX 3: Approved countries for investments as at 30th September 2020

Clients may wish to draw the attention of members to any changes to their approved list of countries for investments since their last report to members.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

APPENDIX 4

REVENUE CARRY FORWARDS - ALREADY APPROVED

Budget underspends to be carried forward into 2021/22 which have been approved during the year are provided below for information only.

*please note the figures quoted are as forecast as at September 2020 out-turn monitoring. The final carry forward figures will reflect the actual outturn position at year-end.

BASE BUDGET C/FWDS APPROVED IN YEAR			Sept 20	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Prosperous Communities	Our People	Homelessness & Housing Advice	24	Home connection letting software £12K 21/22 £12K 22/23.
Prosperous Communities	Our People	Private Sector Housing Renewal	7	To cover new post-Housing Technical Officer
Prosperous Communities	Our Place	Culture & Heritage	70	Mayflower Project - Project Officer 21/22 budget.
		TOTAL	101	

USE OF EARMARKED RESERVES			Sept 20	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Prosperous Communities	Our People	General Grants etc	77	Forecast balance on Member Local Grants budget (£144k approved over 4 years 19/20 - 22/23).
Prosperous Communities	Our People	General Grants etc	39	Rural Transport Programme balance carried forward.
Prosperous Communities	Our People	General Grants etc	13	Use of EMR approved by CPR 06.02.19 (FIN/138/18). Remaining balance of Community Payback budget to be cfwd (approved by MT 14.04.20 FIN/7/21). 2 years' allocation at £6k pa.
		TOTAL	129	

APPENDIX 4

REVENUE CARRY FORWARDS - PENDING APPROVAL BY MANAGEMENT TEAM

Bids for budget underspends to be carried forward into 2021/22 which require Management Team approval are as follows;

*please note the figures quoted are as forecast as at September 2020 out-turn monitoring. The final carry forward figures will reflect the actual outturn position at year end.

BASE BUDGET C/FWDS PENDING APPROVAL BY MT			Sept 20	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Corporate Policy & Resources	Our Council	Financial Services	86	May be required for system implementation.
Prosperous Communities	Our Place	Cemeteries and Churchyards	10	Planned maintenance of cemetery walls delayed due to Covid-19.
		TOTAL	96	

Corporate Policy and Resources Committee	
Thursday 5 November 2020	

Subject: Revised Budget 2020/21 and Mid-Year Review of Medium Term Financial Plan

Report by:	Tracey Bircumshaw, Assistant Director of Finance, Business Support and Property Services (S151)
Contact Officer:	Tracey Bircumshaw tracey.bircumshaw@west-lindsey.gov.uk
Purpose / Summary:	To propose a revised budget 2020/21 in redressing the impact of the Covid-19 and business as usual pressures and savings. To provide a mid-year review of the Medium Term Financial Plan

RECOMMENDATION(S):

REVISED BUDGET 2020/21

1. To approve the Revised Budget 2020/21 of £19.479m
2. To set aside £0.046m bequest for an appropriate agreed purpose
3. To transfer £0.782m to the General Fund Balance
4. To approve the transfer to the Collection Fund Reserve £2.703m for the expanded Retail, Hospitality and Leisure relief scheme to fund Collection Fund Deficit repayments

MEDIUM TERM FINANCIAL PLAN – MID YEAR REVIEW

5. To accept the latest forecast of the Medium Term Financial Plan and note the funding gap
6. To approve the assumptions to be used in preparing the Medium Term Financial Plan 2021/22.

IMPLICATIONS

Legal: None from this report

Financial : FIN/99/21/TJB

By approving a revised budget all reported movements from the Current Budget to the forecast outturn, including both business as usual and covid-19 pressures and savings will be transacted as budget virements and all future monitoring will reflect variances to the Revised Budget. Net Revenue Expenditure is forecast to increase from £14.457m to £19.479m, and will be financed from Government Grant and forecast surpluses.

A net contribution to the General Fund Balance of £0.783m will bring the balance to £4.624m

A contribution of £2.703m to the Business Rates Volatility Reserve will bring the forecast Earmark Reserves balance at the year end to £18.102m

The latest MTFP position for 2021/22 reflects a funding gap of £1.284m raising to £1.513m by 2024/25, work will be ongoing throughout the budget setting process to achieve a balanced budget for 2021/22 and future years.

Staffing : None from this report

Equality and Diversity including Human Rights : None from this report

Data Protection Implications : None from this report

Climate Related Risks and Opportunities : None from this report

Section 17 Crime and Disorder Considerations : None from this report

Health Implications: None from this report

Title and Location of any Background Papers used in the preparation of this report:

Risk Assessment :
A full risk assessment is contained within the 2020/21 budget book. The General Fund Balance and contingency reserves are held to mitigate financial budget risks.

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**	**x**	**No**	

Introduction

1. In March 2020 the Covid-19 Pandemic resulted in a national lockdown, and is having an ongoing implication as the situation is regularly under review. The Council's current year budget has been significantly impacted due to the actions we have had to take to ensure continuity of services, the response activity we have undertaken, at both a national and local level, and the additional work we have undertaken in responding quickly as a Council and to administering the Government Grants, initiatives supporting the vulnerable, our communities and our businesses.

2. This has put a strain on our business as usual activities, for example, management have been involved in the Lincolnshire Resilience Forum and various working groups in supporting the wider co-ordinated response and recovery activity. Staff resources were redeployed, ICT capability challenged in terms of accessibility and security to meet working from home arrangements in addition to access to services for customers through digital means. There were increased communications to ensure the public were kept informed of activity, developments and support schemes. This was all in addition to administering a significant amount of Government grants, and completing regular Government data requests.

3. In terms of our facilities, restrictions were required and facilities closed for an extended period i.e. the Guildhall, Leisure Centre, Trinity Arts Centre etc,. and there has been a significant reduction in usage of our car parks as people were advised to stay at home.

4. All these impacts have had a significant financial ramifications on both our expenditure and income budgets.

5. We have received a significant amount of additional grant income from Government to support our financial sustainability and to provide funding for the additional activities we have been asked undertaken at a local level. These grants are detailed in the table below. (Note; most grants are held as Funding, or where they are ring-fenced for specific services, within service budgets).

Revenue Grants to WLDC	£
Covid Support Grant Tranche 1-4	1,496,322
New Burdens from BEIS re business grants	130,000
High Street Recovery Grant	84,000
Outbreak prevention fund (via LCC)	100,000
Hardship fund	793,000
S31 Business Rates Reliefs top-up (estimate)	2,472,654
S31 Business Rates Reliefs (estimate)	523,878
Sales fees and charges grant support (estimate)	550,000
New Burdens BEIS discretionary fund admin	TBA
New Burdens Local Restrictions Admin grant	TBA
New Burdens Test and Trace Admin Grant	25,729
Rough Sleeping Contingency Fund	1,650

Next Steps Accommodation Programme	5,063
Local Authority Compliance and enforcement grant	46,233
Total WLDC Grants	**6,228,529**

NEW BURDENS ADMIN GRANTS	
130,000	Business Support Grants
25,729	Test and Trace
155,729	

6. In addition to the grants directly awarded to the Council, we administer a number of grants on behalf of the Government to our residents and businesses. These will not be reflected in our Revenue Budget as we were acting as an agent of the Government and therefore the grant payments, distributed in line with Government guidance, will be fully funded by the grants.

GOVERNMENT GRANTS ADMINISTERED WITHIN OUR COMMUNITY		
Number of Grants	**£**	**Grant Scheme**
1,499	16,820,000	Business Support Grants - Completed
102	927,490	Discretionary Business Support Grants - Completed
*	38,500	Test and Trace - isolation support
*	23,131	Discretionary Test and Trace - isolation support
1,601	**17,809,121**	

* No payments for the recently launched Test and Trace isolation support grants have been issued at the time of writing this report.

7. **Movements from the Original Budget**

Budget Managers throughout the Council have worked with their Finance Business Partners to forecast the 2020/21 out-turn position reflecting pressures, savings and additional/lost income from both business as usual and Covid-19 activities and as detailed in the Period 2 Budget Monitoring report found elsewhere on this agenda.

8. **Business as Usual pressures and savings/additional income**

Significant movements relating to Business as Usual activities include;

Savings/Additional Income

- £62k net employee savings
- £79k green waste subscription income

- £25k fuel cost savings
- £25k shopping trolley recovery income
- £200k commercial contingency offsetting Covid-Income pressure shortfall
- £16k electoral reform
- £46k Will bequest

Pressures

- £10k Housing Benefits
- £18k Car Park Income base budget
- £15k various

Corporate budget movements include;

- £13k Investment Interest additional income
- £587k saving on borrowing interest, due to use of internal borrowing, and of which £200k due to no further purchases of commercial investment property
- £245k income pressure from budgeted additional property purchase not progressed (offset by borrowing cost savings above)
- £3k Actual Drainage Board Levies slightly above base budget amount

Funding

- £130k New Burdens Grant funding towards costs of administering Business Grants which included existing officer time in services such as Economic Growth, Finance, Communications, Customer Services, ICT and deployed staff from other teams working to support the process.

9. Covid-19 impacts on expenditure and income budgets

Our estimated additional expenditure incurred as a consequence of Covid-19 totals some £0.820m against a Government Grant of £1.496m. This grant is to cover cost up to the year end and we have assumed that it will be spent in full.

In relation to net income losses (income losses less related savings) our estimation is that this will be £1.220m. After taking account of the estimated Government Sales, Fees and Charges support Grant of £0.550m, our own savings of £0.237m, £0.448m will have to be met from in year Business as Usual Savings.

10. Covid-19 impacts on the Collection Fund

With the introduction of Government support for the Retail, Hospitality and Nursery Sector in the form of Business Rates Reliefs for the whole of 2020/21, these reliefs will result in an estimated loss of cash of some £6.757m for the Collection Fund, our share being £2.703m 40%. This will be reflected at the year-end as deficit on the Collection Fund, which will have to be repaid over the following 3 years. The Government will compensate preceptors with Grant Funding to match these reliefs but this will be received in 2020/21 and into our Revenue Accounts.

The grant is therefore required to fund the future deficit repayments and as such will be earmarked for this purpose within the Business Rates Volatility Reserve.

11. Carry Forwards

Budgets of £0.326m have been approved by the Management Team for carry forward and consist of the following;

£	Carry Forward
70,000	Mayflower Project delayed due to Covid-19 (grant funded)
76,900	Members Local Grants
39,400	Community Transport
10,000	Planned maintenance of cemetery walls delayed due to Covid-19.
85,800	ERP system resourcing funding
24,000	2 years software costs of Home Choices system
7,000	To support costs of new post of Housing Technical Officer
12,600	Community Payback Scheme (2 year approved spend)
325,700	**Total**

12. Revised Budget 2020/21

When taking account of all the movements in forecast estimates for both business as usual activity, carry forwards and covid related impacts, against the current budget, Net Revenue Expenditure is forecast to increase from £14.457m to £19.479m.

With such a significant variance, and no formal budget approval for this additional expenditure it is appropriate for the Committee to formally approve a Revised Budget. The consequential contribution to the General Fund Balance of £0.782m (of which £0.326m will be carried forward to 2021/22 for continuation of project delivery), results in a balanced Revised Budget position.

Budget virements (movements) will be actioned to reflect the Revised Budget and future financial monitoring will be against the Revised Budget.

The final Out-Turn report 2020/21 will include a full year variance report from the Current Budget for both Business as Usual and Covid related impacts.

The Revised Budget is presented below for approval;

SERVICE CLUSTER	2020/2021 Current Budget Pre Adj £	Adj for BAU £	Adj for Covid £	Adj for Cfwds £	Revised Budget Post Adj £
Our People	**1,911,900**	(34,500)	788,400	(159,900)	**2,505,900**
Our Place	**4,104,874**	(81,700)	558,200	(80,000)	**4,501,374**
Our Council	**6,116,300**	(305,200)	1,027,300	(85,800)	**6,752,600**
Grant Funding Not Yet Allocated	**0**	0	775,060	0	**775,060**
Controllable Total	**12,133,074**	**(421,400)**	**3,148,960**	**(325,700)**	**14,534,934**
Corporate Accounting:					
Interest Receivable	**(250,300)**	(13,200)	68,800		**(194,700)**
Interest Payable	**983,000**	(587,400)	55,000		**450,600**
Investment Income	**(1,618,600)**	245,000	113,500		**(1,260,100)**
Precepts and Levies	**2,505,000**	3,400	0		**2,508,400**
Movement in Reserves:					**0**
Use of Specific Reserves	**(369,600)**	0	0		**(369,600)**
Contribution to Specific Reserves	**(1,033,435)**	0	2,702,600		**1,669,165**
Repayment of Borrowing	**1,864,161**	0	0		**1,864,161**
Capital Expenditure Charged Against General Fund	**243,700**	0	32,200		**275,900**
Net Revenue Expenditure	**14,457,000**	**(773,600)**	**6,121,060**	**(325,700)**	**19,478,760**
Funding Total	**(14,457,000)**	(131,200)	(5,673,100)	0	**(20,261,300)**
TOTAL	**0**	**(904,800)**	**447,960**	**(325,700)**	**(782,540)**
To / (From) General Fund	**0**	904,800	(447,960)	325,700	**782,540**
BALANCED BUDGET	**0**	**0**	**0**	**0**	**0**

13. Reserves

When taking account of the contribution to the General Fund Balance of £0.782m of which £0.326m carry forwards will be expended in 2021/22, the available balance is £4.297m, being £1.797m above our minimum working balance of £2.5m.

It is proposed that the £0.046m bequest is set-aside for an appropriate purpose, in discussions with the family.

Approval to transfer Government Grant funding of £2.703m be transferred to the Business Rates Volatility Reserve to fund the repayment of the Collection Fund Deficit relating to additional reliefs to support businesses through Covid-19 impacts.

After taking account of contributions to and the approved use of Earmarked Reserves, in addition to the estimated Capital Receipts Reserves , the overall Useable Reserves forecast is £25.555m as at the end of 2020/21, this is compared to the 2019/20 balances is detailed below;

RESERVE	YEAR END 2019/20	YEAR END 2020/21
General Fund Working Balance	4,233,963	4,623,675
Earmarked Reserves	15,787,127	18,100,786
Capital Receipts	3,461,890	2,829,608
TOTAL	**23,482,980**	**25,554,609**

The movements on the General Fund Balance are reflected in the table below and show an improvement in the overall position. This strengthens our financial resilience in dealing with the implications of the delayed Fairer Funding Review, Business Rates Retention Scheme and Reset, Settlement Funding in addition to the ongoing implications of Covid-19 and achieving a balanced budget over the next 2-3 years.

General Fund Balance	FORECAST 2020/21
Bal Bfwd	**(4,233,963)**
Approved Carry Forwards from prev year	815,100
MTFP - To Project Investment Reserve ERP Phase 2 (HR/Assets)	400,000
MTFP contribution to GFB	(859,700)
Enforcement Officer 2 year extension	7,200
Service Plans - Elections	7,000
DD Re Legal defence	23,300
Revised Budget Carry Forwards	(325,700)
Revised Budget Surplus	(858,816)
Less Covid 19 unspent grant (as at sept)	447,904
Ringfenced Bequest	(46,000)
Balance Carried Forward	**(4,623,675)**

A review of Earmarked Reserves will be undertaken as part of the Budget Setting Process.

15 Medium Term Financial Plan – Mid Year Review

The Medium Term Financial Plan 2020/21 has been reviewed to incorporate;

- approved ongoing financial implications
- know base budget pressures and savings
- contractual implications

Whilst we anticipate that these forecasts will change over the next few months, the current position provides an early indication of the challenge we will face in balancing the budget in the 2021/22 financial year and future years.

At this stage the forecasts do not attempt to estimate the ongoing impact of Covid-19 on our income and expenditure nor our taxation from Business Rates and Council Tax. These will be assessed as part of the budget setting process and pending further information from Government in relation to Covid-19 support funding for 2021/22.

The table below details the movements from the 2020/21 Medium Term Financial Plan for each of the next 5 financial years;

	MTFP 2021/22 - 2025/26 5 YRS				
	2021/22	2022/23	2023/24	2024/25	2025/26

MTFP FUNDING GAP B/FWD	**893**	**973**	**1,041**	**1,067**	**1,100**
BUSINESS AS USUAL PRESSURES					
Establishment Changes	118	113	141	157	172
Members Allowances	11	11	11	11	12
Contracts	91	107	84	89	88
Housing Benefits	116	119	131	143	163
Land Charges Income	16	16	16	16	16
Car Parking Income	54	40	40	40	40
Planning Fee income reprofiled	50	4	(41)	(26)	(26)
Office room hire income	9	9	9	9	9
Demand increases	33	33	33	33	33
MR Depot lease	7	0	0	0	0
Contribution Vehicle Replacement Reserve	14	14	14	14	14
TOTAL PRESSURES	**519**	**466**	**438**	**486**	**521**
SAVINGS / ADDITIONAL INCOME					
Negative RSG removed	(65)	(65)	(65)	(65)	(65)
Misc Budget Savings	(25)	(23)	(23)	(23)	(23)
Contracts	(38)	(39)	(13)	(13)	(20)
TOTAL SAVINGS/INCOME	**(128)**	**(127)**	**(101)**	**(101)**	**(108)**
NET MOVEMENT	**391**	**339**	**337**	**385**	**413**
MTFP MID YEAR REVIEW	**1,284**	**1,312**	**1,378**	**1,452**	**1,513**

16 Assumptions within the Medium Term Financial Plan

Members are asked to approve the following assumptions which will be incorporated into the Medium Term Financial Plan as part of the budget setting process;

Assumptions	£'000 Pressure/ (Saving/Income)
2% annual pay awards	203
17.2% to 2022/23 then 1% every 3 years – Pensions (per Actuary)	13
0% general supplies and services	(10)
Contractual inflation as applicable	-
Electricity 5% 2021/22 then 2% ongoing	6
Gas 0%	0
Water and Sewerage 202/21 0%, 2% ongoing	
1% Business Rates costs	3
10% property void rate (excl Property Portfolio)	50
0.75% annual Council tax base increase in income	(50)
3 % Council Tax Income	(197)

17 Next Steps

The following actions will now be required to finalise both the proposed Budget 2021/22 and the Medium Term Financial Plan;

- Finalise controllable Service Budgets review
- Consider Business Improvement Plans revenue and capital implications
- Review the Executive Business Plan
- Fees and Charges to Policy Committees November/December
- Review of Earmarked Reserves (December CP&R) and consideration of any further Earmarking
- Finalise the Asset Management Plan and financial implications (February CP&R)
- Finalisation of the Capital Programme and revenue implications and financing (February CP&R)
- Develop the Treasury Management Strategy taking account of Capital Investment Plans (G&A January for scrutiny)
- Settlement Funding Implications (expected late December)
- Setting the Council Tax Base (Council, January)
- Business Rates Budget and Pool confirmation (February CP&R)
- Council Tax Setting, Budget Setting and MTFP (Council, March)

Agenda Item 6g

Corporate Policy and Resources Committee	
Thursday 5 November 2020	

Subject: DRAFT Mid-Year Treasury Management Report 2020/21

Report by:	Assistant Director, Finance, Business Support and Property Services (S151)
Contact Officer:	Caroline Capon Corporate Finance Team Leader caroline.capon@west-lindsey.gov.uk
Purpose / Summary:	This report provides the Mid-Year update for Treasury Management Indicators in accordance with the Local Government Act 2003

RECOMMENDATION(S):

The Corporate Policy and Resources Committee is asked to recommend the following to Full Council:

- **Note the report, the treasury activity and recommend approval of any changes to the prudential indicators.**

IMPLICATIONS

Legal: This report complies with the requirement of the Local Government Act 2003

Financial : FIN/82/21/A There are no financial implications as a direct result of 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.

Data Protection Implications: None arising as a result of this report.

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

Section 17 Crime and Disorder Considerations: This is a monitoring report only

Health Implications: This is a monitoring report only

Title and Location of any Background Papers used in the preparation of this report :
CIPFA Code of Treasury Management Practice 2017 CIPFA The Prudential Code Local Government Act 2003 Located in the Finance Department

Risk Assessment :
The Mid Year Treasury Management Report reviews our assessment of Treasury Risks

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**

1. Executive Summary

This mid-year report has been prepared in compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2020/21 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2020/21;
- A review of the Council's borrowing strategy for 2020/21;
- A review of compliance with Treasury and Prudential Limits for 2020/21.

1.1 Covid-19 continues to have an adverse effect on the economy. The Bank Base rate has remained at 0.1%.

1.2 There have been no changes to the Treasury Management Strategy Statement and Annual Investment Strategy.

1.3 The forecast out-turn for Capital Expenditure is £14.023m against a current budget of £16.771m. The budget will be revised to £14.023m at Corporate Policy and Resources committee 5 November 2020 with a request of net movement of £1.941m to be rephased over future financial years.

1.4 The Council is projected to have £14.726m invested by the year end having generated £0.144m in investment Interest. The return is significantly lower than in previous years due to the impact of Covid-19 on the economy.

1.5 It is anticipated that total external borrowing will be £23.004m by the year end.

2. Background

2.1 Capital Strategy

In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2020/21, all local authorities have been required to prepare a Capital Strategy which is to provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

2.2 Treasury Management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

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

2.3 Key Changes to the Treasury and Capital Strategies

There are no changes to report to this committee

3. Economics and Interest Rates

As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6th August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:

- The fall in **GDP** in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.
- The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.
- It forecast that there would be excess demand in the economy by Q3 2022 causing CPI **inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.

It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be "less effective as a tool to stimulate the economy" at this time when banks are worried about future loan losses. It also has "other instruments available", including QE and the use of forward guidance.

The MPC expected the £300bn of **quantitative easing** purchases announced between its March and June meetings to continue until the "turn of the year". This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.

In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the "medium-term projections were a less informative guide than usual" and the minutes had multiple references to **downside risks,** which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September a second six month package from 1 November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses.

Overall, **the pace of recovery** is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in late June through to August. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.

There will be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.

One key addition to **the Bank's forward guidance** was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate.

The **Financial Policy Committee** (FPC) report on 6 August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

The full economic report is attached at Appendix A and includes information on world economies.

3.1 Interest Rate Forecasts

The Council's treasury advisor, Link Asset Services, has provided the current following forecasts on 11 August 2020.

Link Group Interest Rate View 11.8.20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month average earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-
6 Month LIBID	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-
12 Month LIBID	0.20	0.20	0.20	0.20	0.20	0.20	0.20	-	-	-	-
5yr PWLB Rate	1.90	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

Additional notes by Link on this forecast table: -

- As LIBOR rates will cease from the end of 2021, there are no LIBID forecasts for 2022/23. Link will be continuing to look at market developments in this area and will monitor these with a view to communicating with clients when full financial market agreement is reached on how to replace LIBOR. This is likely to be an iteration of the overnight SONIA rate and the use of compounded rates and Overnight Index Swap (OIS) rates for forecasting purposes.

- Please note that we have made a slight change to our interest rate forecasts table above. Traditionally, we have used 3m LIBID forecasts, with the rate calculated using market convention of 1/8th (0.125%) taken off the LIBOR figure. Given that 3m LIBOR is currently running below 10bps, that would give a figure of around 0% to somewhere modestly into negative territory. However, the liquidity premium that is still in evidence at the short end of the curve means that 3m rates actually being achieved by local authority investors are still modestly in positive territory. While there are differences between counterparty offer rates, our analysis would suggest that an average rate of around 10bps should be achievable. *(Please note that the graph of investment rates in appendix 2 is based on market rates, i.e. actual LIBOR-related rates, not rates actually being achieved by local authorities.)*

The coronavirus outbreak has done huge economic damage to the UK and around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its last meeting on 6 August, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31 March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

GILT YIELDS / PWLB RATES. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March. After gilt yields spiked up during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. At the close of the day on 30 September August, all gilt yields from 1 to 6 years were in negative territory, while even 25-year yields were at only 0.76% and 50 year at 0.60%.

From the local authority borrowing perspective, HM Treasury imposed **two changes of margins over gilt yields for PWLB rates** in 2019-20 without any prior warning. The first took place on 9 October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then at least partially reversed for some forms of borrowing on 11 March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4th June, but that date was subsequently put back to 31 July. It is clear that the Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11 March 2020 in margins over gilt yields, the current situation is as follows: -

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the PWLB consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year
As the interest forecast table for PWLB certainty rates, (gilts plus 180bps), above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020/21.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

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

- **UK** - second nationwide wave of virus infections requiring a national lockdown

- **UK / EU trade negotiations** – if it were to cause significant economic disruption and a fresh major downturn in the rate of growth.

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

- A resurgence of the **Eurozone sovereign debt crisis.** The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU recently agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.

- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.

- **German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.

- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.

- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.

- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

- **US – the Presidential election in 2020:** this could have repercussions for the US economy and SINO-US trade relations.

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

- **UK -** stronger than currently expected recovery in UK economy.
- **Post-Brexit** – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

3.4 Treasury Management Strategy Statement and Annual Investment Strategy update

The Treasury Management Strategy Statement (TMSS) for 2020/21, which includes the Annual Investment Strategy, was approved by the Council on 2 March 2020.

The underlying TMSS approved previously requires revision in the light of economic and operational movements during the year. The proposed changes and supporting detail for the changes are set out below:

Prudential Indicator 2020/21	Original £'000	Revised Prudential Indicator £'000
Authorised Limit	55,307	55,307
Operational Boundary	38,189	25,004
External Debt	38,189	23,004
Investments	(13,321)	(14,726)
Net Borrowing	**24,868**	**8,278**
Capital Financing Requirement	50,307	40,146

4. The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow;
- Compliance with the limits in place for borrowing activity.

4.1 Prudential Indicator for Capital Expenditure

This Table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the budget. It draws together the main strategy elements of the capital expenditure plans, highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure by Cluster £'000	2020/21 Original Estimate £'000	2020/21 Revised Estimate £'000
Our People	1,301	2,796
Our Places	14,991	10,394
Our Council	826	833
Commercial Investment Properties	7,000	0
Total capital expenditure	**24,118**	**14,023**
Financed by:		
Capital receipts	2,152	2,565
Capital grants	5,728	6,124
Revenue	5,538	1,902
S106	500	928
Total Financing	**13,918**	**11,519**
Borrowing need	**10,200**	**2,504**

4.2 Changes to the Prudential Indicators for the Capital Financing Requirement

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also show the expected debt position over the period, which is termed the Operational Boundary.

During the half year ended 30 September 2020, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy. The Assistant Director, Finance, Business Support and Property Services (S151) reports that no difficulties are envisaged for the current or future years in complying with prudential indicators.

	2020/21 Original Estimate £'000	2020/21 Revised Estimate £'000
Prudential Indicators		
Capital Expenditure	24,118	14,023
Capital Financing Requirement (CFR)	**50,307**	**40,146**
Of Which Commercial Property	30,000	21,666
Annual Change in CFR	**9,937**	**2,240**
In year Borrowing Requirement	**38,189**	**23,004**
Under/(Over) Borrowing	**12,118**	**17,142**
Ratio of financing costs to net revenue stream	**8.89%**	**3.74%**
Incremental impact of capital investment decisions		
Increase/ Reduction(-) in Council Tax (band change per annum)	**£1.25**	**£0.13**

4.3 Limits to Borrowing Activity

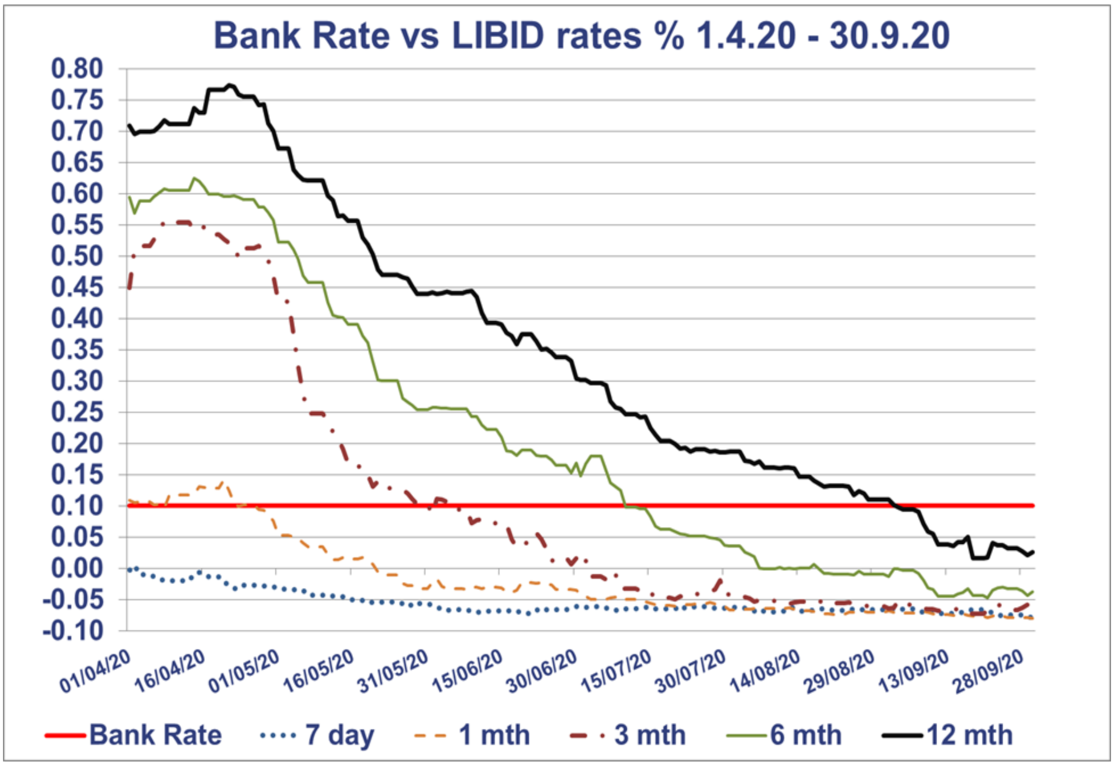
The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

5. Investment Portfolio 2020/21

In accordance with the CIPFA Treasury Management Code of Practice, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by the forecasts in section 3.1, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates up to 12 months are either negative or barely above zero now that Bank Rate is at 0.10%. Given this risk environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31st March 2023, investment returns are expected to remain low.

The Council held £19.122m of investments as at 30 September 2020 (£11.670m at 31 March 2020) The annualised investment rate for the first six months of the year is 0.934% against a benchmark 7 day libid of -0.06%. The weighted average interest rate is 0.944%. The yield reflects the £3m investment in the Local Authority Property Fund.



The Council's budgeted investment return for 2020/21 is £0.211m, and performance for the year is forecast to be £0.066m below budget.

The Assistant Director, Finance, Business Support and Property Services (S151) confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2020/21. However, on the 30 March 2020 an urgent Delegated Decision was signed off to increase our Treasury Counterparty limits:

- Upper investment limits with AAA rated Money Market Funds to be raised, £7.5m from £5m
- Lloyds Bank, our bankers, raised to £2m current account, £7.5m deposit account (increased from £1m and £5m respectively)

These changes were required for effective cash management due to receiving circa £20m in Grants from Government in relation to Covid-19 initiatives.

5.1 Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS along with the additional delegated decision as mentioned in section 5, is meeting the requirement of the treasury management function.

Treasury Officers continue to mitigate investment risk in accordance with Treasury Management Practices.

6. Borrowing

The Council's capital financing requirement (CFR) for 2020/21 is £40.146m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

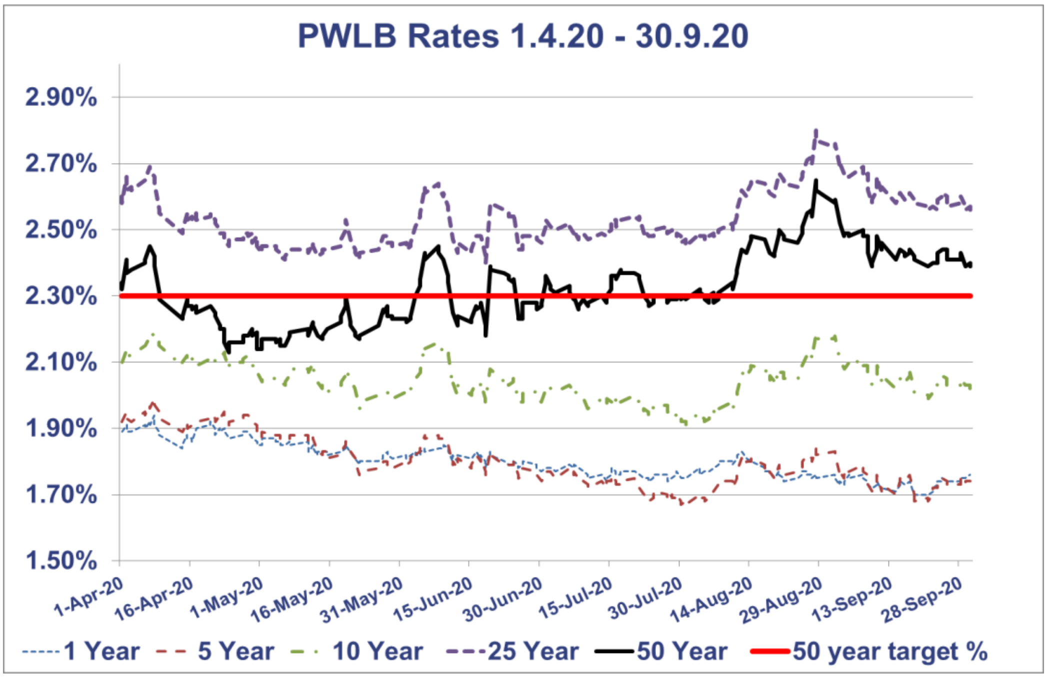
This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevails.

Due to the overall financial position and the underlying need to borrow for capital purposes (the capital financing requirement - CFR), no new external borrowing was undertaken in the first six months of the financial year. External borrowing remains at £20m.

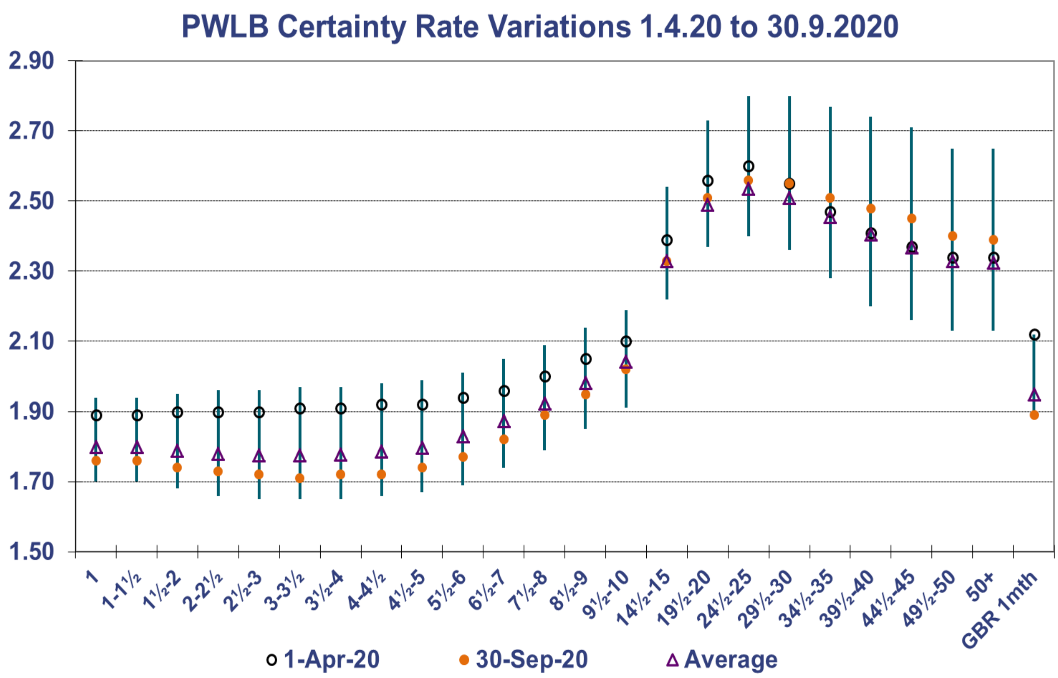
INTERNAL BORROWING: The Council forecasts that by the end of the this financial year it will have cumulatively £16.345m of internal borrowing

It is anticipated that further external borrowing will be undertaken during this financial year.

The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date:



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.70%	1.67%	1.91%	2.40%	2.13%
Date	18/09/2020	30/07/2020	31/07/2020	18/06/2020	24/04/2020
High	1.94%	1.99%	2.19%	2.80%	2.65%
Date	08/04/2020	08/04/2020	08/04/2020	28/08/2020	28/08/2020
Average	1.80%	1.80%	2.04%	2.54%	2.33%



Appendix A: Economics update

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  - The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.
  - It forecast that there would be excess demand in the economy by Q3 2022 causing CPI **inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.

- It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be "less effective as a tool to stimulate the economy" at this time when banks are worried about future loan losses. It also has "other instruments available", including QE and the use of forward guidance.
- The MPC expected the £300bn of **quantitative easing** purchases announced between its March and June meetings to continue until the "turn of the year". This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.
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- One key addition to **the Bank's forward guidance** was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate
- The **Financial Policy Committee** (FPC) report on 6 August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.
- **US.** The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked its inflation target from 2% to maintaining an average of 2% over an unspecified time period i.e.following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress

to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

- **EU.** The economy was recovering well towards the end of Q2 after a sharp drop in GDP. However, there are growing fears of a second wave of the virus that could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.
- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
- **Japan.** There are some concerns that a second wave of the virus is gaining momentum and could damage economic growth further. It has been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.
- **World growth.** Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

APPENDIX B: Approved countries for investments as at 30 September 2020

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

CPR Workplan as at 28 October

Purpose:
This report provides an overview of reports coming to Committee over the coming municipal year..

Recommendation:

1. That members note the workplan.

Date	Title	Lead Officer	Purpose of the report	Date First Published
10 DECEMBER 2020				
10 Dec 2020	Proposed Fees and Charges 2021/22 - Corporate Policy and Resources	Sue Leversedge, Business Support Team Leader	Propose fees and charges to take effect from 1 April 2021.	09 June 2020
10 Dec 2020	Caistor Southdale Development	Sally Grindrod-Smith Assistant Director of Planning and Regeneration	To approve plans for GP and residential development	03 April 2019
10 Dec 2020	Culture Recovery Fund	Craig Sanders, Trinity Arts Centre Manager	Allocation of grant spending for Trinity Arts Centre	19 October 2020
10 Dec 2020	Capability Policy	Emma Redwood, People and Organisational Development Manager	To review the council's capability policy and update	19 November 2019
10 Dec 2020	National Non Domestic Rates, Sundry Debtors, Council Tax and Housing Benefit Overpayment Write Offs	Alison McCulloch, Revenues Manager	Write off report for NNDR, Sundry Debtors, Council Tax and Housing Benefit Overpayments	09 June 2020
10 Dec 2020	Local Council Tax Support Scheme 2021/22	Alison McCulloch, Revenues Manager	The local council tax support scheme to be introduced on 1 April 2021 for the following year. This replaces the council tax benefit scheme.	09 June 2020
14 JANUARY 2021				

14 Jan 2021	Locally Defined Discount for Special Constables	Alison McCulloch, Revenues Manager	At the request of the LPCC a request to award a locally defined discount to any special constables working for LPA who are resident in West Lindsey	19 October 2020
14 Jan 2021	Crematorium Strewing Area and Landscaping	Cara Markham, Commercial Development Manager	Proposal to introduce strewing area and long term landscaping strategy for Lea Fields Crematorium	19 October 2020
11 FEBRUARY 2021				
11 Feb 2021	Corporate Policy and Resources Committee Draft Budget 2021/22 and estimates to 2025/26	Sue Leversedge, Business Support Team Leader	The report sets out details of the overall Draft Revenue Budget 2021/22 including that of this Committee and those recommended by the Prosperous Communities Committee for the period 2021/22 and estimates to 2025/26 to be included in the Medium Term Financial Plan	09 June 2020
11 Feb 2021	Surestaff Performance 2020/21 and Business Plan 2021/22	Tracey Bircumshaw, Assistant Director of Finance and Property Services and Section 151 Officer	To present members with the companies performance to Q3 2020/21 and to present the 2021/22 Business Plan for approval	09 September 2020
11 Feb 2021	Committee Timetable 2021-2022	James Welbourn, Democratic and Civic Officer	To present the timetable for the above year, taking into account public holidays.	09 September 2020
11 Feb 2021	Executive Business Plan and Medium Term Financial Plan 2021/22 - 2025/26 and 2021/22 Budget	Tracey Bircumshaw, Assistant Director of Finance and Property Services and Section 151 Officer	To present for consideration and scrutiny the Exective Business Plan and Medium Term Financial 2021/22 - 2025/26 and the 2021/22 Budget	09 September 2020
11 Feb 2021	Budget and Treasury Monitoring Period 3 202/21	Sue Leversedge, Business Support Team Leader	this report sets out the revenue, capital and treasury management activity from 1 April 2020 to 31 December 2020	09 June 2020

15 APRIL 2021

15 Apr 2021	Budget and Treasury Monitoring Period 4 2020/21	Sue Leversedge, Business Support Team Leader	This report sets out the revenue, capital and treasury management activity from 1 April 2020 to 31st March 2021. (Final out-turn will be reported to the next meeting)	09 June 2020

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

Agenda Item 8a

Document is Restricted