

**EXECUTIVE
 5 FEBRUARY 2019**

PRESENT: COUNCILLOR M J HILL OBE (LEADER OF THE COUNCIL)

Councillors Mrs P A Bradwell OBE (Executive Councillor for Adult Care, Health and Children's Services) (Deputy Leader), C J Davie (Executive Councillor for Economy and Place), R G Davies (Executive Councillor for Highways, Transport and IT), Mrs S Woolley (Executive Councillor for NHS Liaison and Community Engagement), C N Worth (Executive Councillor for Culture and Emergency Services) and B Young (Executive Councillor for Community Safety and People Management).

Councillors R B Parker (Chairman of the Overview and Scrutiny Management Board) and N H Pepper (Chairman of the Public Protection and Communities Scrutiny Committee) were also in attendance.

Officers in attendance:-

Debbie Barnes OBE (Head of Paid Service), David Forbes (County Finance Officer), Glen Garrod (Executive Director of Adult Care and Community Wellbeing), Andy Gutherson (Interim Executive Director of Place), Cheryl Hall (Democratic Services Officer), Nicole Hilton (Chief Community Engagement Officer), Kevin Kendall (County Property Officer), Sue Maycock (Head of Finance (Corporate)), Pete Moore (Executive Director, Finance and Public Protection), Dave Simpson (Technical and Development Finance Manager), Jasmine Sodhi (Performance and Equalities Manager), Janice Spencer OBE (Interim Director of Children's Services) and Nigel West (Head of Democratic Services and Statutory Scrutiny Officer).

42 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor E J Poll (Executive Councillor for Commercial and Environmental Management).

43 DECLARATIONS OF COUNCILLORS' INTERESTS

There were no declarations of interest.

44 ANNOUNCEMENTS BY THE LEADER, EXECUTIVE COUNCILLORS AND EXECUTIVE DIRECTORS

There were no announcements.

45 MINUTES OF THE MEETING OF THE EXECUTIVE HELD ON
18 DECEMBER 2018

RESOLVED

That the minutes of the meeting held on 18 December 2018 be signed by the Chairman as a correct record.

46 REVENUE AND CAPITAL BUDGET MONITORING REPORT 2018/19

Consideration was given to a report from the Executive Director of Finance and Public Protection which provided an update on spending compared with budgets for the financial year which began on 1 April 2018.

The Technical and Development Finance Manager advised that the tables in the report had shown the actual income and expenditure for the first eight months of the financial year, along with the projections for spending and a comparison of the projections against the approved budgets.

It was advised that the total council revenue spending was predicted to be £6.082m less than the total budget (excluding the projected under spending on schools budgets); general reserves at the year-end were forecast to be within the 2.5% to 3.5% range of the total budget based on current spending; and net capital spending was projected to be £3.332m less than the budget at the end of the financial year.

The Chairman of the Overview and Scrutiny Management Board (OSMB) advised that OSMB had considered the Executive report at its meeting on 31 January 2019 and had supported the recommendations in the report. The comments of OSMB were circulated at the meeting for consideration by the Executive.

The Chairman of the OSMB highlighted the reported underspend of £3.081m on IMT Strategy and Support. Officers had highlighted at the meeting of OSMB that the underspend was owing to a delay in the work on the IMT Strategy but confirmed that an IMT Board had been to be established to consider the on-going revenue budget implications of capital investment in IT Services. The Board would consider business cases for future budget requirements in this area in the future.

The Chairman of OSMB also highlighted that OSMB had endorsed a suggestion that the Highways and Transport Scrutiny Committee receives regular capital programme budget monitoring reports from June 2019. Furthermore, it was suggested that OSMB could receive similar capital programme reports relating to IMT. The Executive supported these suggestions for an increase in scrutiny activity in these areas and requested that Group Leaders be invited to consider how the monitoring of the capital programme could be improved, ready to commence in the financial year 2019/20.

The Executive Councillor for Adult Care, Health and Children's Services referred to the projected overspend of £1.993m in 2018/19 for adult specialist services, owing to a number of high cost placements in both Learning Disabilities and Mental Health.

The Executive was advised that the projected overspend stated in the report was from November 2018 and more recent figures had suggested that the overspend had reduced to approximately £1.3m and that this area of expenditure would be closely monitored.

Reference was made to the projected underspend of £0.510m in the waste management budget as a result of lower composting costs and reductions in recycling charges. It was suggested that the budget for this area be reviewed and consideration given at the coming year end to establishing an earmarked reserve for waste funded by this underspend. This reserve would be available to, for example, offset any demand led pressures on future waste budgets.

RESOLVED

- (1) That the current position on the revenue and capital budgets be noted.
- (2) That Group Leaders be invited to consider how the monitoring of the capital programme could be improved, ready to commence in the financial year 2019/20.

47 COUNCIL BUDGET 2019/20

Consideration was given to a report from the Executive Director of Finance and Public Protection, which invited the Executive to consider its final proposals for the Council's budget and council tax in light of the provisional local government settlement and consultation comments on its initial proposals. The Executive was also asked to consider prudential targets in relation to capital financing and other treasury management matters and to recommend to the meeting of the County Council the Flexible Use of Capital Receipts Strategy for 2019/20.

The County Finance Officer introduced the report to the Executive and guided them through those updates to the Council Budget 2019/20, tabled at the meeting, which had taken place since the meeting on 18 December 2018. The tabled information provided a further update to the Executive to take account of the following subsequent events: -

- The decisions taken by the Executive on 18 December 2018;
- The Final Local Government Finance Settlement published on 29 January 2019;
- Confirmation from District Councils of Council Tax bases;
- Confirmation from District Councils of Council Tax Collection Fund surpluses;
- Confirmation from District Councils of Business Rates Collection Fund surpluses; and
- Confirmation from District Councils of Business Rates Section 31 grant funding.

An updated Appendix I to the report was also tabled at the meeting, which included budget consultation feedback from scrutiny committees; members of the public; and the notes from the consultation meeting with external stakeholders.

In relation to the Business Rates Collection Funds (BRCF) operated by the District Councils, the Executive was advised that the collective position for the Council's share of the District Councils' BRCF had traditionally been a deficit in historic terms, mainly owing to the need to set aside provisions for appeals. The number of appeals against the more recent revaluation was considerably lower due to the introduction of a new appeals process. This had resulted in the District Councils re-evaluating the amount of provision to be set aside and this had resulted in a reduction in this sum. The reduction in the provision had, in turn, caused the District Councils' BRCFs to be in surplus for 2019/20.

The County Council's share of the collective surplus position was £6,156,613 for 2019/20 but this was a one-off gain based on a reassessment of an accounting estimate. The Executive supported the suggestion for a Business Rates Volatility reserve to be established for the County Council's share of the surplus for 2019/20 of Business Rates Collection Funds operated by the District Councils, which could then be used to offset Business Rates Collection Fund deficits in future years or for other purposes approved by the Council.

In response to a question, it was highlighted that the future certainty of the Better Care Fund beyond 2019/20 was still unknown, which presently amounted to circa £48m per year in Lincolnshire. It was hoped that the Green Paper: Future Funding of Adult Care would explain how the funding gap would be addressed but it was yet to be published. A further comprehensive spending review was also expected however the timing of this was also unknown. It was also highlighted that approximately 60% of the County Council's budget was now spent on Care Services (Adults and Children's).

It was highlighted that despite the proposed increase in council tax, Lincolnshire County Council remained in the lower quartile of upper tier councils for council tax in England.

RESOLVED

- (1) That the effect of the updated funding available and revenue expenditure as noted in paragraphs 1.3 to 1.19, and as detailed at Appendix A and Appendix B to the report, be noted.
- (2) That the Equality Impact Analysis, as detailed at Appendix C to the report, and the consultation comments as shown in Appendix I to the report and presented at the meeting be noted.
- (3) That, subject to recommendation 4 below, the following be recommended to the County Council for approval:
 - a) the revenue budget for 2019/20, as detailed in Table C of the *Further Update to the Council Budget 2019/20*;
 - b) the capital programme for 2019/20, as detailed at Table A and Appendix E to the report;

- c) the levels of council tax proposed in Table B of the report, including the increasing of council tax in 2019/20 by 4.95%;
 - d) the prudential indicators for 2019/20, as detailed at Appendix G to the report; and
 - e) the Flexible Use of Capital Receipts Strategy for 2019/20, as detailed at Appendix H to the report.
- (4) That the Leader of the Council be given delegated authority to review and amend the Executive's budget recommendations to the County Council, as appropriate, in light of the final Local Government Settlement, council tax and business rates information from the Lincolnshire District Councils if received between the Executive meeting and the County Council on 22 February 2019.
- (5) That a Business Rates Volatility reserve be established for the County Council's share of the surplus for 2019/20 in the Business Rates Collection Funds operated by the District Councils, which could then be used to offset Business Rates Collection Fund deficits in future years or for other purposes approved by the Council.

48 CAPITAL STRATEGY 2019/20

Consideration was given to a report from the Executive Director of Finance and Public Protection which advised that local authorities were required by the CIPFA [The Chartered Institute for Public Finance and Accountancy] Prudential Code to have a capital strategy in place by 1 April 2019. The Capital Strategy was detailed at Appendix A to the report.

The Head of Finance – Corporate presented the Capital Strategy in detail to the Executive and advised that the Strategy would be submitted to the meeting of County Council on 22 February 2019, as part of the report on the Council Budget 2019/20. The Executive was asked to recommend to the County Council the approval of the Capital Strategy.

The Chairman of the Overview and Scrutiny Management Board (OSMB) advised that the Board had considered the Executive report at its meeting on 31 January 2019 and had supported the recommendations in the report. Comments of the Board were circulated at the meeting.

The Chairman of the OSMB advised that the Board had recommended that scrutiny committees have the opportunity to consider capital programme information to ensure greater oversight and scrutiny of the capital programme. The Board also felt that there would be benefits of regular scrutiny and monitoring of the capital programme. The Board had also welcomed the proposals in the strategy for the Council to consider and approve a joint capital programme and revenue budget in February of each year, and for performance against the capital programme to be reported to the Board twice per year.

RESOLVED

That the Capital Strategy 2019/20 be recommended to full Council for adoption.

49 FUTURE OF THE HERITAGE SERVICE

Consideration was given to a report from the Interim Executive Director of Place which sought approval to conduct public consultation on proposed changes to the Council's Heritage Service based on a move to a cultural enterprise model.

The Chief Community Engagement Officer presented the report in detail to the Executive and in doing so advised that a cultural enterprise was an entrepreneurial organisation that delivered culture-based products and services to generate a profit (or a surplus if a not-for-profit or public body), which would then be used to ensure the enterprise's long-term sustainability and development. A cultural enterprise would require a culture of creativity, commercialisation and medium risk-taking.

This proposed change would involve moving from a 'microsite' to a 'supersite' approach. It was explained that a microsite was a museum, gallery or heritage site which offered a highly specialised collection whereas a supersite was a heritage site, gallery or museum that offered multiple experiences, including both permanent and temporary exhibitions and events, which enabled the broadest range of audiences to engage with the widest range of experiences, and which maximised the potential for income generation.

The proposed changes would include the creation of a new supersite at The Collection Museum and Art Gallery to add to the one at Lincoln Castle. The supersite model would be enhanced by the retention of three microsites at the Museum of Lincolnshire Life, the Battle of Britain Memorial and the Heckington Windmill. Under the proposed model, the Council would cease to operate the Usher Gallery as an art gallery but the art collection would remain within The Collection Museum and Art Gallery. The Council would return the operation of Gainsborough Old Hall to English Heritage. The Council would seek to transfer ownership and/or operation of remaining microsites at Discover Stamford, and Ellis Mill, Burgh le Marsh and Alford Windmills, but if that was not possible they would close as heritage attractions.

A ten-week public consultation was proposed to be held between 13 February 2019 and 24 April 2019.

During discussion on the report, the following points were noted: -

- Reductions in government funding, with increased demand on mandatory services, had left discretionary services such as the large majority of the Heritage Service at risk of cuts in service. The County Council has had to make savings of £130 million since 2015, as a result of central government cuts and had experienced a 38% reduction in its funding between 2009/10 and 2016/17 with cost pressures expecting to continue. The proposed changes

were a step towards making the heritage service self-sufficient, and would ultimately help achieve savings of approximately £750,000 per year;

- The proposals identified a model which would enable continued public access to heritage, art and culture in a self-sustaining and affordable way;
- The review of services and development of the detailed business case (DBA) had been carried out over a two year period. The Executive expressed its thanks to the Heritage Working Group for its input into the proposals. A full asset review had been carried out as part of the DBA;
- Reference was made to the Lego Exhibition held at the Lincoln Castle in 2018, which had seen circa 500k visitors over a three month period. This was cited as a good example of a site offering multiple experiences.

The Chairman of the Public Protection and Communities Scrutiny Committee advised that the Committee had met on 22 January 2019 and considered a report on the Future of the Heritage Services. The Committee had supported the recommendations to conduct consultation on proposed changes to the Council's Heritage Service based on a move to a Cultural Enterprise Model. Comments of the Committee were circulated at the meeting.

The Committee had commented that the proposed changes were bold and ambitious and welcomed the commitment to develop a service which enabled the broadest range of audiences to engage with a wide range of heritage experience.

It was clarified that under the proposals the Usher Gallery would no longer be operated by the County Council as an art gallery. It was proposed that many of the gallery's key art collections would be showcased at the Collection Museum and Art Gallery supersite and around the county. The Usher Gallery would continue to be leased by the County Council as it could potentially be used by other County Council departments with a public-facing role. One such use that could be considered was the use of the site for the Registrars and Celebration Service.

RESOLVED

- (1) That approval be given to the carrying out of a public consultation on the proposed changes set out in the Report to the Council's Heritage Service.
- (2) That delegated authority be given to the Interim Executive Director of Place, in consultation with the Executive Councillor for Culture and Emergency Services, to determine the detail of the consultation to include scope, timing, content and methodology.

50 ESTABLISHMENT OF A PROPERTY COMPANY

The Executive considered a report proposing the establishment by the County Council of a property company limited by shares.

The County Property Officer advised that the property company would be a subsidiary company of the County Council's holding company, Lincolnshire Future Ltd. As a subsidiary and as part of the Council's wider corporate group, the property

company would be bound by an overarching governance arrangement and there would be a consistent approach between the holding company, the property company and any other subsidiary company established in the future.

The property company would be established to deliver, among other things, a range of potential developments including specialist housing for alleviating budgetary pressures in respect of the provision of adult care. The property company would also enable the Council to stimulate and accelerate housing development in the greater Lincolnshire area at a time when there was a drive from central Government for local authorities to deliver housing in their communities. The Executive decided that the property company would be named: 'Lincolnshire County Property Ltd'.

The Chairman of the Overview and Scrutiny Management Board advised that the Board had considered the Executive report at its meeting on 31 January 2019, and had supported the proposals in the report. The comments of the Board were circulated at the meeting. The Board had considered the proposed company names and had also preferred 'Lincolnshire County Property Ltd'. The Board had received assurance that the property company would seek to work with district councils to develop opportunities collaboratively across the county.

RESOLVED

- (1) That approval be given to the establishment of a commercial trading property company which will be by limited by shares and 100% owned by Lincolnshire Future Ltd.
- (2) That the property company be named Lincolnshire County Property Ltd.
- (3) That delegated authority be given to the Executive Director of Finance and Public Protection, in consultation with the Leader of the Council and Executive Councillor for Resources and Communications, to complete all legal matters to enable the company to be established including approval of the final form of all necessary legal documentation and the appointment of Directors as well as the Council's representative in relation to the Company.

51 FINAL DRAFT COUNCIL BUSINESS PLAN 2019 - 2020

A report from the Head of Paid Service was considered, which presented the outcomes and measures that were the final draft Council Business Plan, as detailed at Appendix A to the report.

The Executive was advised that the Council Business Plan formed part of the Budget and Policy Framework and must be approved by County Council. Therefore the Executive was asked to recommend to County Council the approval of the Council Business Plan at its meeting on 22 February 2019.

It was queried why the measure relating to the *Public Services Network connection compliance* was marked as not achieved, when in the text it had indicated it was compliant. The Equalities and Performance Manager agreed to investigate this.

The Chairman of the Overview and Scrutiny Management Board advised that the Board had considered the Executive report at its meeting on 31 January 2019 and had supported the recommendations in the report. The comments of the Board were circulated at the meeting for consideration by the Executive.

A discussion took place regarding Measure 63 – *Adults who receive a direct payment*, where it was advised that this measure had stabilised, but was difficult to achieve as not everyone would necessarily want a direct payment depending on their circumstances. For example the over 85 year's cohort had shown significantly less interest compared to other adults.

RESOLVED

- (1) The approval be given in principle to the recommendation of outcomes and measures generally, as specified in Appendix A to the report, as the Council Business Plan for 2019 – 2020.
- (2) The Leader of the Council be delegated authority to determine any changes to the said outcomes and measures to be finally recommended to full Council following discussion with Executive Councillors.

The meeting closed at 12.10 pm.