

**OVERVIEW AND SCRUTINY
 MANAGEMENT BOARD
 31 JANUARY 2019**

PRESENT: COUNCILLOR R B PARKER (CHAIRMAN)

Councillors R Wootten (Vice-Chairman), Mrs J Brockway, M Brookes, Mrs K Cook, B M Dobson, R L Foulkes, C S Macey, C E H Marfleet, N H Pepper and E W Strengiel

Added Members

Church Representative: Mr S C Rudman

Councillors: T Bridges, M J Hill OBE, M A Whittington and B Young attended the meeting as observers.

Officers in attendance:-

Dave Simpson (Technical and Development Finance Manager), David Forbes (County Finance Officer), Michelle Grady (Head of Finance (Communities)), Steve Houchin (Head of Finance, Adult Care and Community Wellbeing), Tracy Johnson (Senior Scrutiny Officer), Kevin Kendall (County Property Officer), Sue Maycock (Head of Finance (Corporate)), Mark Popplewell (Head of Finance (Children's Services)), Jasmine Sodhi (Performance and Equalities Manager), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer) and Emily Wilcox (Democratic Services Officer).

1 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Patricia Barnett (Parent Governor Representative) and Alex Sayer (Parent Governor Representative).

2 DECLARATIONS OF INTEREST

The following interests were declared:

- In relation to items 8, 9 and 12 - Councillor Mrs K Cook declared a non-pecuniary interest as a governor for the Lincolnshire Partnership NHS Foundation Trust.
- In relation to item 7 – Councillor Mrs K Cook declared a non-pecuniary interest as a District Councillor for North Kesteven District Council, who owned the private property company 'Lafford Homes LTD'.
- In relation to item 9 – Councillor Mrs K Cook declared a non-pecuniary interest as the director of a business which had previously been a supplier to MID UK Recycling, mentioned in the report.

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- In relation to item 12 – Councillor Mrs K Cook declared a pecuniary interest as a business rate payer, and would therefore not participate in any discussion and would abstain from voting on this item.

3 MINUTES OF THE MEETING HELD ON 19 DECEMBER 2018

RESOLVED:

That minutes of the meeting held on 19 December 2018 be approved as a correct record and signed by the Chairman.

4 ANNOUNCEMENTS BY THE CHAIRMAN, EXECUTIVE COUNCILLOR FOR RESOURCES AND COMMUNICATIONS, CHIEF OFFICERS AND CHAIRMAN OF THE BREXIT WORKING GROUP

The Chairman reminded members that there would be a Treasury Management Training session at 2pm following the meeting.

The Chairman announced that the Audit Committee had received a report on the Lessons that could be learned from Northamptonshire County Council, which would also be reported to the Board in the future. The Chairman emphasised the value of joint working between the Board and the Audit Committee. Going forward, any relevant Audit Committee reports would also be presented to OSMB for scrutiny, before being reported to the Executive. The Chairman felt that it was important that the Executive be provided with assurance on financial resilience from both the Audit Committee and the Overview and Scrutiny Management Board (OSMB).

10:08am – Councillor C Macey entered the meeting.

Councillor A Bridges gave a brief update on the progress of the Brexit Working Group. The Chairman suggested that any questions on this matter be discussed under the Work Programme item.

5 CONSIDERATION OF CALL-INS

None were received.

6 CONSIDERATION OF COUNCILLOR CALLS FOR ACTION

None were received.

7 ESTABLISHMENT OF A PROPERTY COMPANY

Consideration was given to a report from the County Property Officer, which invited the Board to consider the Establishment of a Property Company (PropCo). The report was due to be considered by the Executive on 5 February 2019, and the views of the Board would be reported to the Executive as part of its consideration of this item.

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It was proposed that the County Council would establish a property company which would be a subsidiary company of the Council's Holding Company, Lincolnshire Future Ltd. The property company activities could include delivering supported housing for adults, using surplus LCC buildings for residential accommodation and potential income opportunities. It could also be used to contribute to housing development and contribute to the numbers of houses required in Lincolnshire.

The Overview and Scrutiny Management Board supported the recommendations included in the report and received clarification and explanations on the following points:

- The Board sought clarity on the staffing requirements for the PropCo and whether this could impact County Council Services through the use of secondments. Officers confirmed there would be no immediate staffing requirements and future staffing requirements would be identified through individual business cases.
- The Board welcomed clarification that staffing requirements for the PropCo would not impact on front line Council Services.
- The Board considered the company names put forward for consideration, and highlighted a preference for 'Lincolnshire County Property Ltd'.
- The Board clarified where the start-up investment and resourcing to establish the PropCo would come from. Officers confirmed that the resources required to establish the PropCo were low and that borrowing requirements would be identified through detailed business cases when opportunities were identified.
- The Board received assurance that the PropCo would look to work with District Councils to develop opportunities collaboratively across the County. Officers confirmed that the County Council was involved with the District Housing Group and would look to build good relations and work together with District Councils where appropriate.

RESOLVED:

- 1) That the Board supported the recommendations to the Executive, as set out in the report.
- 2) That the comments made, as stated above, be passed on to the Executive as part of its consideration of this item.

8 REVENUE AND CAPITAL BUDGET MONITORING REPORT 2018/19

Consideration was given to a report by Dave Simpson (Technical and Development Finance Manager), which invited the Board to consider the Revenue and Capital Monitoring report which would be presented to the Executive on 5 February 2019.

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The Technical Development Finance Manager set out the Council's Revenue and Capital Programme positions as at 30 November 2018, drawing attention to the major variances.

The Board supported the recommendations included in the report and received clarification on the following points:

- The Board queried the reported underspend on concessionary fares. Officers confirmed that this was a volatile budget area and reported that the underspend was due to the movement to a new model which reflected demand as opposed to fixed payments to contractors. The Board highlighted concern on the potential impact on local bus services. It was confirmed that this change in payment had been voluntary with the involvement of local bus operators. The Board supported smarter budgeting for demand-led budgets as an area for future consideration.
- The Board highlighted the reported underspend of £3.163m identified under 'Enablers and Support to the Council Outcomes' and queried the reported £3.081m underspend on IMT Strategy and Support. Officers highlighted that there had been some delay in the work on the IMT Strategy, but confirmed that an IMT Board was to be established to consider the on-going revenue budget implications of capital investment in IT Services. The Board supported receiving Business Cases for future budget requirements in this area going forward.
- The Board highlighted the £1.338m overspend on the Historic Lincoln project and sought clarification that work was being undertaken to ensure external funding was received. Officers confirmed that the final claim for Heritage Lottery Fund would be submitted shortly and that the budget position would be known once all grant income was received.
- The Board highlighted the capital funding for Children are Safe and Healthy strategy which was underspending. Officers responded that the underspend related to the foster carer capital fund. This budget was utilised when situations arose to provide solutions for current foster carers to accommodate siblings or an increased complexity of a child. It ensured local solutions were achieved and delivered a cost effective revenue approach.
- The Board endorsed a suggestion that the Highways and Transport Scrutiny Committee would receive regular capital programme budget monitoring reports from June 2019.
- The Board supported cost recovery activities as a method of offsetting overspends and highlighted the successful prosecution for the fire at Barkston Heath and the award of £0.226m to the Council.

RESOLVED:

1. That the Board supported the recommendations to the Executive, as set out in the report.

2. That the comments made, as set out above, be passed on to the Executive as part of its consideration of this item.

9 FINAL DRAFT COUNCIL BUSINESS PLAN 2019 - 2020

Consideration was given to a report by Jasmine Sodhi (Performance and Equalities Manager), which invited the Board to consider and comment on the outcomes and measures within the final draft Council Business Plan 2019 – 2020. The Business Plan was due to be considered by the Executive on 5 February 2019, prior to the approval by Council on 22 February 2019. Comments from the Board would be put forward to the Executive as part of its consideration of this item.

Members were informed that the reported data was recorded in December 2018, therefore the final outcomes could change, dependent on whether there were changes in the financial economy. It was noted that the plan was a live document which could be changed throughout the year.

11:03am – Councillor Mrs J Brockway left the meeting due to a personal emergency and did not return.

Following discussion, the Overview and Scrutiny Management Board agreed to support the two recommendations set out in the report to the Executive.

Prior to reaching the above conclusions, the Board received clarification and explanations on several points and the following were highlighted:

- Measure 107: Antisocial Behaviour - Enquiries would be made as to whether the Police data incorporated information from District Councils as well.
- Measure 63: Adults who receive a direct payment - It was highlighted that this measure had stabilised, but was difficult to achieve as not everyone would necessarily want a direct payment depending on their circumstances.
- Measure 119: Percentage of adults aged 18-64 with a mental health need in receipt of long term support for 12 months or more who have been reviewed in the period - Concern was raised that this target was not being met as people with mental health needs could decline quickly, and so should be reviewed regularly. It was confirmed, however, that those who were assessed as high risk would already be in the system and be receiving regular reviews. In addition, the NHS Long Term Plan was due to come out shortly which should include improvements for mental health.
- Measure 76: Recycling at County Council owned Household Waste Recycling Centres (HWRC) – given the Actual was only 0.8% below Target, it was felt to be harsh to rate this measure as not achieving. It was highlighted that the Lincolnshire Waste Partnership would be investigating the issues around what could be recycled and the different recycling arrangements at each district council.

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RESOLVED:

1. That the Board supported the recommendations to the Executive, as set out in the Executive report.
2. That the comments, as listed above, be passed on to the Executive as part of its consideration of this item.

10 SERVICE BUDGET PROPOSALS 2019-20

Consideration was given to a report by Michelle Grady (Head of Finance – Communities), which presented the budget proposals for the financial year 2019/20, which were now open for consultation. The Board was asked to consider and comment on the report ahead of it being considered by the Executive on the 5 February 2019.

The report set out the following:

- The total proposed revenue budget for the commissioning strategy 'How We Do Our Business';
- The proposed revenue budget and net capital programme for the commissioning strategy 'Enablers and Support to the Council's Outcomes';

It was noted that the budget proposals reflected the level of government funding available to the Council and the proposal to increase Council Tax in 2019/20 by 2.95%. There had been a proposal to increase the Adult Social Care 'Precept' by 2% in 2019/20, giving a total Council Tax increase of 4.95%.

The Board was invited to comment on the report, in which the following points were noted:

- The Board highlighted that across both commissioning strategies, the biggest budget was in relation to ICT Strategy and Support, which amounted to £15.648M. The Board requested a breakdown of this budget in a report to a future meeting.
- In relation to the Capital Programme, concern was raised about the additional budget for 'Development of Cloud Navigator and support ICT innovation' and what exactly it would be used for. The Board questioned the leap from £5M in 2019/20 to £9M in future years and what the justification was for such a large leap in one year.
- The Board heard that the IMT Strategy had been delayed which made it difficult to ascertain the costs to fix and transform IT services, and as a result the additional budget was based on estimates.

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- The Board sought assurances on the accuracy of the figures in light of the £3m underspend in revenue budget in the current year. The Board was told that once the IMT Strategy was developed, the Board would receive further information on the breakdown of the figures. The Board heard that the IT Board was due to meet shortly and that the arrival of the new Executive Director for Commercial should help.
- The Board was told that there would be detailed business cases brought forward once the IMT Strategy was in place, and these would be brought to the Board for scrutiny prior to any Executive decisions.

RESOLVED:

That the comments from the Board, as set out above, be passed on the Executive as part of its consideration of this item.

11 CAPITAL STRATEGY 2019/20

Consideration was given to a report by Sue Maycock (Head of Finance – Communities), which provided the Board with the opportunity to consider and comment on the Capital Strategy for 2019/20 ahead of it being presented to the Executive on the 5 February 2019.

The Board supported the Capital Strategy 2019/20 and the recommendations to the Executive and agreed to pass on the following comments as part of the future consideration of this item.

- The Board welcomed proposals included in the Capital 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 Overview and Scrutiny Management Board twice per year.
- The Board questioned officers on the biggest risks and challenges facing the Capital Strategy going forward.
 - Officers highlighted that the majority of key risks were in relation to individual projects and the purpose of the capital strategy was to give a high level overview of how capital expenditure and its financing contribute to the provision of services, along with an overview of how associated risk were managed and the implications for future financial sustainability.
 - Officers highlighted Annex E (*Estimated Proportion of Revenue Budget to be Spent on Capital Financing Charges*) as a potential challenge should the level of capital financing charges on revenue increase. Officers also highlighted unfunded borrowing as a risk as the proportion of revenue budget spent on capital financing increases closer to the voluntary 10% target.

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- The Board recommended that Scrutiny Committees have the opportunity to consider Capital Programme information to ensure greater oversight and scrutiny of the capital programme. The Overview and Scrutiny Management Board felt there would be benefits of regular scrutiny and monitoring of the capital programme.

RESOLVED:

- 1) That the Board supported the recommendations to the Executive, as set out in the report.
- 2) That the comments made, as stated above, be passed onto the Executive as part of its consideration of this item.

12 COUNCIL BUDGET 2019-20

12:05pm – Councillor K Cook left the meeting prior to the discussion and did not partake in the vote for this item.

Consideration was given to a report from the County Finance Officer, which invited the Board to consider and comment on the Executive's Budget Proposals as agreed at its meeting on 18 December 2018.

The Executive had agreed the following two amendments to the budget:

- To allocate a budget of £1,018,571 to Heritage Services in order to maintain the budget at its existing level;
- To propose a Council Tax increase of 4.95% (instead of 3.95%).

Members were referred to the following additional information which had been tabled at the meeting:

- A further update to the Council Budget 2019/20, originally found at Appendix B of the report.
- Budget consultation feedback that had been received after the publication of the report.

The Board was provided with the opportunity to comment on the report, in which the following points were raised:

- The Board supported the Budget proposals put forward by the Executive for 2019/20.
- The Board also supported the proposal to set up a Business Rate Volatility Reserve with the £6M received back from the Business Rates Collection Fund due to the surplus arising from monies set aside for appeals.

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- The Board acknowledged that due to the Final Local Government Finance Settlement not being published until 29 January 2019 and the deadline of 31 January 2019 for receiving information regarding Business Rates from District Councils it was difficult to receive all the information that affected the Budget in one report. The Board was assured that all the information would be presented to the Executive on 5 February 2019 and this would all be contained in one report to the Council at its meeting on 22 February 2019.
- Concerns were raised about the impact on the Council's budget in future with the loss of the Better Care Fund after 2019/20 which would have a huge impact on Adult Social Care.
- The Board questioned whether the proposed budget would have been different if the additional £19M income received since the 18 December 2018 Executive report was prepared, had been known to the Executive when it proposed the Budget in December 2018. The Board was assured by the Leader of the Council that the proposed budget would not have changed. The Leader of the Council highlighted that there were a number of uncertainties next year, including the loss of the Better Care Fund, and as a result the Council had to be prudent this year. The Council was still using £3M of reserves to balance the Budget for 2019/20.

RESOLVED:

That the comments made, as stated above, be put forward to the Executive as part of its consideration of this item.

13 OVERVIEW AND SCRUTINY MANAGEMENT BOARD WORK PROGRAMME

12:20 – Councillor K Cook re-entered the meeting.

12:23pm – Councillor R Wootten and Councillor B M Dobson left the meeting and did not return.

The Head of Democratic Services and Statutory Scrutiny Officer presented the Board's work programme for the coming year.

As part of the joint working between the Board and the Audit Committee, it was noted that there would be a report scheduled to look at the lessons that could be learnt from Northamptonshire County Council, specifically in relation to scrutiny.

The Board discussed the report from the Chairman of the Brexit Working Group and some councillors that there would not be any catastrophic impact on Lincolnshire as a result of Brexit.

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Some Members felt that it was essential that local councils lobbied the UK Government to develop a policy or guidance which could be issued to Local Government in the case of a no deal Brexit.

The Board requested that a communication strategy be created to ensure that the people of Lincolnshire were kept adequately informed about Brexit and notified as to any development with the Brexit Negotiations. It was felt it would be beneficial for Members to have easy access to this information so that they could maintain sufficient knowledge and adequately advise their constituents of any developments with the Brexit negotiations. Officers agreed that they would discuss the best way to move forward with a communications strategy for Brexit.

RESOLVED:

1. That the Work Programme be noted.
2. That the Board requested that a communications strategy be created to ensure that individuals were kept informed during the Brexit negotiations.

The meeting closed at 12.55 pm