

**OVERVIEW AND SCRUTINY
MANAGEMENT BOARD
26 NOVEMBER 2020**

PRESENT: COUNCILLOR R B PARKER (CHAIRMAN)

Councillors R Wootten (Vice-Chairman), B Adams, Mrs W Bowkett, Mrs J Brockway, R J Kendrick, C S Macey, C E H Marfleet, Mrs A M Newton, N H Pepper and E W Strengiel

Added Members: Mrs M R Machin (Parent Governor Representative)

Councillors: R D Butroid, L A Cawrey, M A Whittington and B Young attended the meeting as observers

Officers in attendance:-

Michelle Andrews (Head of Early Years), Debbie Barnes OBE (Chief Executive), Justin Brown (Assistant Director - Growth), Pam Clipson (Head of Finance - Adult Care and Community Wellbeing), Andrew Crookham (Executive Director - Resources), James Drury (Executive Director - Commercial), John Giblin (Strategic Communications Team Leader), Michelle Grady (Assistant Director - Strategic Finance), Nick Harrison (Democratic Services Officer), Tracy Johnson (Senior Scrutiny Officer), Keith Noyland (Head of Finance - Communities), Mark Popplewell (Head of Finance - Children's Services), Dan Quinn (Assistant Chief Fire Officer), Dave Simpson (Head of Technical and Development Finance), Karen Tonge (Treasury Manager) and Nigel West (Head of Democratic Services and Statutory Scrutiny Officer)

51 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Reverend Philip Johnson (Church Representative) and Miss Alexandra Sayer (Parent Governor Representative).

52 DECLARATIONS OF INTEREST

There were no declarations of interest.

53 MINUTES OF THE MEETING HELD ON 29 OCTOBER 2020

RESOLVED:

That minutes of the meeting held on 29 October 2020 be approved as a correct record and signed by the Chairman.

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AND CHIEF OFFICERS**

The Chairman reported that he had attended the meeting of the Executive on the 3rd November and presented the comments from the Board on the Transformation Programme and Smarter Working Programme. In relation to the Transformation Programme, he had highlighted the Board's comments about the involvement of overview and scrutiny committees and the use of individual councillors as sources of intelligence. The Executive agreed that there should be more emphasis on the role of councillors as part of the programme, encompassing the One Council approach, and officers confirmed this would be reflected in future reports.

He reported that with Councillor R Wootten he had met with officers on 23rd November to discuss the future reporting arrangements for the Transformation Programme to the Board. It had been agreed that an overview report would be provided to the January meeting and a progress report would be provided to the March meeting.

Democratic Services was currently looking into an alternative date for the March meeting to enable the Board to conduct its usual business before the pre-election period which was expected to start around 22nd March.

Councillor M Whittington, Executive Support Councillor for Resources and Communications, reported that following the recent Government Spending Review announcement on 25th November, he had met with the Leader of the Council and finance officers to commence a review. The Executive Director - Resources, reported that the review was underway on how the details of the announcement would impact the County Council. He reported on the key themes of the announcement which included a public sector pay freeze and further financial support in the light of the Covid pandemic. He reported that the annual financial settlement from the Government was expected mid December.

The Chief Executive reported on the expected Government announcement due on 26th November on which tier of Covid lockdown restrictions Lincolnshire would be in following the end of the national lockdown from 2nd December. All members would be notified as soon as the information became available.

55 CONSIDERATION OF CALL-INS

None had been received.

56 CONSIDERATION OF COUNCILLOR CALLS FOR ACTION

None had been received.

57 REVENUE BUDGET MONITORING REPORT 2020/21 - QUARTER 2 TO
30 SEPTEMBER 2020

Consideration was given to a report by the Assistant Director – Strategic Finance, on Revenue Budget Monitoring 2020/21 Quarter 2, which was due to be presented to the Executive on 1 December 2020. The views of the Board would be reported to the Executive as part of its consideration of this item.

The report compared the Council's projected expenditure with the approved budget for 2020/21, and provided explanations for any significant over or under spending.

The overall revenue position was a forecasted underspend this year of £1.973m (excluding schools and Covid-19). There was also a forecast underspend on capital financing charges of £7.868m, this was excluded from this forecast position at this stage. It was planned that the capital financing underspend would be used to manage future fluctuations in the annual capital financing budget by transferring it to the capital financing earmarked reserve. It was assumed that the forecasted Covid-19 position would be contained within the government emergency grant forecasting a surplus of £7.673m. Included in this forecast was an estimated additional grant of around £4.200m which could be claimed to cover losses of income. It was forecast that general reserves at the end of the year would remain within the target range of 2.5% to 3.5%. The impact of the revenue budget forecast on the Council's resilience had been assessed and the conclusion was that financial resilience remained strong due to the current forecast of an underspend. There were healthy reserve balances and financial resilience would continue to be strengthened.

Members discussed the report, and during the discussion the following points were noted:

- The impact of Covid-19 – the current forecast surplus of £7.673m would be used to cover the additional costs arising due to a rapidly changing situation. The Government had announced additional support going into the new year for Covid-19, and the Council was expecting some additional costs to filter into the new year, particularly in relation to adult social care but also in relation to Children's Services and home to school transport. The Government had so far provided funding when pressures were known and had committed to supporting councils in the new year with any shortfalls such as around council tax and tax base losses. There was no immediate concern for the finances of the Council, however it was expected that some businesses and members of the public were likely to struggle to pay rates and council tax in the future. Concerns were highlighted about the longer term impact on funding in future years.
- Cost pressures in Children's Services social care budget – the high cost pressures related to Higher Needs, an increase in requests for Education, Health and Care Plans due to children being off school for a significant amount of time, and Looked After Children requiring specialist placements and the lack of market provision for children with complex needs in the independent sector. To address these two cost pressures, the Transformation Programme contained two projects to look at how best to support Special Educational

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Needs and Disabilities (SEND) and children who were at risk of becoming looked after by the local authority. In relation to SEND, a Specialist Advice Hub had been set up to enable SENCOs in schools to access specialist advice early and signpost schools to other services such as mental health who could better meet the needs of children and young people. This was still in the early stages but was already demonstrating positive results. For Looked After Children, a Valuing Care project was being considered to better meet and match the needs of children looked after in their foster placements and also investment in specialist small residential homes to be more local and cost effective, and provide better quality services. These would be brought to future meetings of the Children and Young People Scrutiny Committee for consideration.

- Cost pressures in Children's Services Home to School Transport budget – the impact of Covid-19 on school transport had resulted in additional vehicles needing to be put in place to cope with social distancing rules in line with national guidance. The Council had received a grant from the Government for school transport and this was currently covering the increased costs for the additional vehicles but there was a risk that this could become a future cost pressure. A wider issue post Covid-19 could be less competition for school transport contracts which could create further cost pressures. A wider project under the Transformation Programme was being scoped out to address the ongoing cost pressures on the school transport budget.
- Out of county placements for SEND – through the Building Communities of Specialist Provision Strategy, the Council was investing capital in special schools to create more spaces and investing in new special schools as well. This strategy would enable more children and young people to receive education within Lincolnshire.
- Overspend on Waste Services – this was due to the previous contractor going into administration and needing to find a new contractor, from a limited number of providers, to quickly take over running the services. Due diligence was undertaken before entering into a contract with a provider to check cashflow and that they had a sufficient viable trading record. However there was always a time lag and it would be based on a snapshot at the end of the financial year. Some contracts had been going for a number of years now, and during this time the financial position of a contractor could have changed. The level of contamination in recycled material continued to be an issue as this degraded the value of the waste. The proposals to do a separate cardboard collection should reduce contamination going forward. In addition, due to Covid-19, more waste and recycling had been created due to people being at home more. A forward plan of priorities for the next three to five years was being drafted which would look at measures to mitigate cost pressures and invest to save. The importance of working closely with district councils and The Waste Partnership on any new measures and issues was highlighted. The forward plan would be brought to a future meeting of the Environment and Economy Scrutiny Committee for consideration.
- Underspend on the Redundancy budget – this was a base budget which was included each year to cover any potential redundancy costs and pension costs as a result of restructuring. As there had been relatively low level of restructuring taking place across the Council recently, an underspend was

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anticipated of approximately £1.5m. Going forward, there might be some changes in the workforce as a result of the Transformation Programme and therefore a redundancy budget might be required in future.

- The Chairman of the Adults and Community Wellbeing Scrutiny Committee highlighted that the Committee had considered the adults social care budget at its meeting on 25 November. The Committee was impressed with the service area continuing to provide its services within budget and on target despite Covid-19. The staff and partners had been thanked for this great achievement. It was suggested that other Chairmen of Scrutiny Committees may want to write to staff in their service areas to recognise their efforts in maintaining services during these challenging times.

RESOLVED:

1. That the Board unanimously support the recommendations to the Executive, as set out in the report;
2. That a summary of the above comments be passed on to the Executive as part of its consideration of this item.

58 CAPITAL BUDGET MONITORING REPORT 2020/21 - QUARTER 2 TO 30 SEPTEMBER 2020

Consideration was given to a report from the Assistant Director – Strategic Finance, which invited the Board to consider the Capital Budget Monitoring Report 2020/21 – Quarter 2 which was being presented to the Executive on 1 December 2020. The views of the Board would be reported to the Executive as part of its consideration of this item.

The report compared the Council's projected expenditure with the approved budget for 2020/21 and provided explanations for any significant over or under spending. It also compared total projected expenditure for capital projects spanning more than one year with the total approved budget. The current forecasted position was an underspend of £5.424m (Block schemes £0.763m, Project schemes £4.661m). For the project schemes, the whole life budget was forecast to be overspent by £22.542m. The whole life position would be considered as part of the forthcoming budget setting process to ensure that the overall capital programme remained affordable.

The current year's forecast underspend of £5.424m would not increase the need to borrow. The forecast underspend in the current year on Capital Projects would not adversely impact on the Council's financial resilience. However, the forecast whole life overspend was a significant amount and was currently being considered as part of the budget setting process. The Capital Strategy 2020/21 required the capital programme to be affordable over the longer term and this assessment of affordability would need to be made. If necessary the capital programme would need to be modified to ensure this affordability, thereby maintaining financial resilience.

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Members discussed the report, and during the discussion the following points were noted:

- Overspend of £8.755m on the Lincoln Eastern Bypass – the forecast overspend on the Lincoln Eastern Bypass was due to a number of issues which could not be foreseen. This included the public inquiry, the bankruptcy of the original contractor Carillion, flooding, redesigns and Covid-19. There were always a number of unknowns, such as bad weather, which were factored in as risks. The project should be physically completed this calendar year, but would not be financially completed for some time due to outstanding claims such as for bad weather.
- Overspend of £8.833m on Grantham Southern Relief Road – Delays and costs were increasing, mainly due to Covid-19 and waiting for third parties, namely Network Rail, Highways England and utility companies, to divert power and water supplies.
- Overspend trends – the Board suggested that it would be useful to have a breakdown of overspends in previous quarters included in the report going forward so that quarters could be compared and any trends could be identified.
- Review and analysis of major projects on completion – there was no formal process to review and consider lessons learnt at the end of a major project. An officer led Capital Review Group was in place to strengthen reporting to scrutiny committees and the Executive. Lessons learnt from major projects could be considered by the Capital Review Group going forward.
- Managing overspends from within the existing capital programme – it was likely that there would be an impact on other capital projects from managing forecast overspends for the Lincoln Eastern Bypass and the Grantham Southern Relief Road. Work was being undertaken to rebalance the programme and this would be set out in the Budget report for 2021/22 which would be presented to the Board early in the new year.
- Risk assessments for funding from other developments for highways projects – Section 106 agreements would be put in place to ensure funding from developers was made available to help provide infrastructure. The Council was reliant on developers working with district councils to deliver developments and provide funding. The Council forward funded infrastructure, such as roads, in case there was any delay to funding being received from developers.

RESOLVED:

1. That the Board unanimously support the recommendations to the Executive, as set out in the report;
2. That a summary of the above comments be passed on to the Executive as part of its consideration of this item.

59 COVID-19 UPDATE

Consideration was given to an update report from the Assistant Director – Corporate Recovery and the Assistant Director – Growth, on Covid-19 and its economic impact. The report provided an overview of the work by the Local Resilience Forum (LRF), partners and Lincolnshire County Council (LCC) to manage Lincolnshire's response to the Covid-19 pandemic. The significant disruption created by Covid-19 had forced authorities and communities to change their behaviours and routine working practices, which had demonstrated what was achievable through collaborative working. The Council and its strategic partners aimed to ensure that positive outcomes were maintained to help inform future service delivery to improve services. As well as serious implications for people's health and public services, Covid-19 was having a significant impact on the economy and the response / recovery approach would need to be considered against an uncertain economic backdrop. This issue was compounded by increased demand in areas of service activity such as social care teams, wellbeing services, infection control etc.

Since the meeting in October, there had been a significant resurgence of the disease nationally and this had been reflected locally with a significant increase of infection within the communities in Lincolnshire. On the 5th November 2020, the UK began a second period of lockdown. The new measures would apply nationally for four weeks up to and including Wednesday 2nd December. At the end of that period, the UK may return to a regional approach, based on the latest data.

The report highlighted the recent data which included the number of cases and number of deaths. The report also made reference to activities on homelessness, vaccination roll-out plans, communities and volunteer coordination, mortality planning, education, business and exit strategy post lockdown. The Assistant Director, Corporate Recovery, updated the Board on the latest figures relating to Lincolnshire for Covid cases and made comparisons to neighbouring areas. He suggested that the curve of infection rates was flat lining and that some areas of the County had shown signs of decreases, although Boston. Lincoln and East Lindsey were slightly above national average rates. He reported on the positive discovery of a number of vaccines and plans underway for roll out, possibly later in the year.

Consideration was given to a report from the Assistant Director – Growth, which described:- the economic impact of Covid-19 as currently known; set out the actions that had already been carried out by Lincolnshire County Council (LCC), the Greater Lincolnshire Local Enterprise Partnership (LEP), and other partners to reduce the impact; and explained the priorities of the midterm economic recovery strategy which the LEP had co-ordinated and would communicate to Government. The report outlined the main economic impacts of Covid-19 as: rising unemployment, tightening labour market, reduced business investment, rapid digitisation, and localised impacts particularly on the tourism and hospitality sectors which provided a high proportion of jobs/business activity. Also outlined was the detail of the mid-term strategy which was structured around three headings: protect, progress, and prosper.

The report also outlined examples of support given to businesses as follows:- District councils had distributed more than 19,000 grants with a value of £227m to

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businesses; LCC's Business Growth Hub had provided advice to 600 businesses and provided web based information that had been used by 42,000 users; redundancy task forces had been designed by the LEP and trained so that they could stand up should significant redundancies occur; the Local Enterprise Partnership had attracted £26m of infrastructure grant funding which was being invested in accelerating schemes like LCC's Holbeach Food Enterprise Zone; weekly assessments of the economic impact in Lincolnshire had been produced and government officials had been briefed weekly.

It was noted that there was a significant risk that young people with no qualifications would find it more difficult to enter the labour market. It was also noted there had been a reduction in part-time jobs available.

Members discussed the report, and during the discussion the following points were noted:

- The report was welcomed as informative and detailed.
- It was noted that the relationships between Lincolnshire County Council, the District Councils and other partners had been strengthened due to the large amount of joint working to mitigate the impacts of Covid-19. Also digitisation of some functions had happened more rapidly than expected or planned for.
- It was noted that the Environment and Economy Scrutiny Committee had discussed the report of the Assistant Director – Growth, and had come up with a number of suggestions. These included for example:- Could LCC and District Councils spend more money in the local economy? Were the LCC procurement powers being used in the most optimal way? How could self-employment be promoted further? There had been support for assisting businesses with their digital offering and moving to online trading and for looking at repurposing the high streets.
- It was acknowledged that the broadband signal was poor in some areas of the County and there was a need for rapid improvement.
- There was disappointment that there had been no testing facilities for the coastal areas.
- Publicity would be required to alert the public and businesses of any changes to Covid rules and guidelines and other information which came to light. This included information about supermarkets as being a high risk area for spreading Covid and the time it was suggested to leave between obtaining a Flu jab and receiving a Covid jab for example.
- It was noted that businesses had found it difficult to plan for Brexit due to the Covid pandemic and also because there were no details available as an agreement had not yet been reached on a final exit deal. Reference was made to the support being provided by the Business Lincolnshire Growth Hub.
- During the meeting it was reported that Lincolnshire would be in tier three following the end of the national lockdown on 2nd December and plans would be firmed up accordingly as a result of this.
- The Board expressed a preference for regular reports on key areas going forward with oral updates at the meetings on the latest information.

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The Chairman, on behalf of the Board, thanked Dan Quinn, Assistant Director – Corporate Recovery, for his hard work and dedication to the work of the Board and the Council's response to the Covid pandemic and wished him well in his new position in another local authority.

RESOLVED: That the report be noted and an update be presented to the next Board meeting on 17th December.

60 TREASURY MANAGEMENT PERFORMANCE - QUARTER 2 TO 30
SEPTEMBER 2020

Consideration was given to a report from the Treasury Manager, on the treasury management activities and performance for Quarter 2 of 2020/21 to 30th September 2020, comparing this to the Treasury Management Strategy and Annual Investment Strategy 2020/21 that was approved by the Executive Councillor for Resources and Communications on 20th March 2020. The report made reference to activity and performance in relation to interest rates, investments and borrowing. It was reported that the Government announced its response to the PWLB Consultation as part of Spending Review and one result was to lower interest rates for borrowing for eligible Councils by 1% across the board. The Council, who was eligible for this new rate cut and who had not borrowed yet in 2020/21, welcomed this announcement.

It was reported for information that LCC had lent £5M this year to the London Borough of Croydon. This was over a one year period and part of the Council's Investment lending strategy. It had been reported that the London Borough of Croydon had been in some financial difficulties and would be reviewing their budget as part of a S114 Notice strategy. It was confirmed, however, they were not seen as a credit risk and there was no concern that the money would not be repaid. The Council had a total of £170m investments with other Councils at present and another £30M committed future lending. The amount lent by the Council was driven by cash flow and Local authorities were seen as low Government risk and hence had a maximum limit of £20M over a two year period per local authority. It was reported that lending amongst local authorities had significantly increased over the last year to over £11bn, due to the impact of the Covid-19 pandemic measures on the money market. Councillor M Whittington, Executive Support Councillor for Resources and Communications, reported that the Council's lending exposure to other local authorities was being reviewed.

(Councillor B Adams gave his apologies for the remainder of the meeting)

RESOLVED: That the report be noted and the comments outlined above be passed onto the Executive Councillor for Resources and Communications.

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61 OVERVIEW AND SCRUTINY MANAGEMENT BOARD WORK
PROGRAMME

Members were advised that this item was for information only.

RESOLVED:

That the work programme be noted.

The meeting closed at 12.18 pm