



OVERVIEW AND SCRUTINY MANAGEMENT BOARD 30 JANUARY 2020

PRESENT: COUNCILLOR R B PARKER (CHAIRMAN)

Councillors R Wootten (Vice-Chairman), Mrs J Brockway, C S Macey, Mrs A M Newton, N H Pepper, E W Strengiel, A P Maughan, C R Oxby and S P Roe

Councillors: M A Whittington and B Young attended the meeting as observers

Officers in attendance:-

Debbie Barnes OBE (Chief Executive), Andrew Crookham (Executive Director Resources), James Drury (Executive Director Commercial), Michelle Grady (Assistant Director for Strategic Finance), Tracy Johnson (Senior Scrutiny Officer), Sue Maycock (Head of Finance (Corporate)), Keith Noyland, Mark Popplewell (Head of Finance (Children's Services)), Fiona Thompson (Head of Human Resources), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer) and Emily Wilcox (Democratic Services Officer)

83 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillors R J Kendrick, B Adams, Mrs W Bowkett and C E H Marfleet; Patricia Barnett and Alexandra Sayer (Parent Governor Representatives) and Steve Rudman and Rev Philip Johnson (Church Representatives).

It was reported that, under Regulation 13 of the Local Government (Committee and Political Groups) Regulations 1990, Councillor A P Maughan had been appointed as a representative for Councillor R J Kendrick, Councillor S P Roe had been appointed as a representative for Councillor B Adams and Councillor C R Oxby had been appointed as a representative for Councillor Mrs W Bowkett, for this meeting only.

84 DECLARATIONS OF INTEREST

Councillor S P Roe declared a pecuniary interest in relation to items 9, 10, and 11 as his family owned land in which the North Hykeham Bypass was proposed to be built upon. Councillor S P Roe announced that he would not partake in any discussion and would leave the meeting for the duration of these items.

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RESOLVED:

That minutes of the meeting held on 19 December 2019 be approved as
a correct record and signed by the Chairman.

86 ANNOUNCEMENTS BY THE CHAIRMAN, EXECUTIVE COUNCILLOR
FOR RESOURCES AND COMMUNICATIONS AND CHIEF OFFICERS

The Chairman announced that he had attended the meeting of the Executive on 7 January 2020 to present the Board's comments on the formation of a company for Legal Services report which was approved by the Executive. The Board would be receiving an update on the establishment of the Legal Services company at its meeting on 27 August.

Members were advised that following recommendation from the Board, a letter had been sent to John Wickens (Assistant Director – IMT) to commend him and his team on the improvements to the IMT services.

The Board had also agreed at the last meeting to send a letter to the government regarding increasing the flexibility on the level of the apprenticeship levy that the Council can transfer to its providers. This letter was sent to the Right Honourable Gavin Williamson MP, Secretary of State for Education, on 20 January and no reply had been received at this stage.

The Chairman noted that officers had looked into the option of holding the March meeting of the Board at the Blue Light Collaboration Centre. However, Police had now moved into the building and it was now a live police station, meaning there would be very limited access around the centre. Members were encouraged to contact Democratic Services if they would like an individual visit and they would assist with arranging this.

There were no further Executive Councillor or Chief Officer announcements.

87 CONSIDERATION OF CALL-INS

None were received.

88 CONSIDERATION OF COUNCILLOR CALLS FOR ACTION

None were received.

89 REVENUE BUDGET MONITORING REPORT 2019/20

During this item, Councillors C R Oxby and Mrs A M Newton declared that they had active/ on-going insurance claims with Lincolnshire County Council for damage to personal vehicles caused by potholes.

Consideration was given to a report by the Assistant Director – Strategic Finance, which invited the Board to consider a report on the Council's Revenue Budget Monitoring 2019/20, which was due to be considered by the Executive on 4 February 2020.

Members were advised that the report compared the Council's projected expenditure with the approved budget for 2019/20 and provided explanations for any significant over or under-spending.

Members were advised that the total revenue spending for 2019/20 was forecast to be £6.481m less than the total budget (excluding schools) and it was estimated that general reserves would be 3.5% of the total budget based on current spending.

Member were referred to Table A for the Council's position on revenue budget monitoring as at 30 November 2019, with some of the key variances being highlighted as Readiness for Adult Life (Revised Budget £7.432m; Forecast Variance £1.097m) and Enablers and Support to Council Outcomes (Revised Budget £43.165m; Forecast Variance -£2.267m).

It was also highlighted that an underspend of £4.523m was forecast for the year on budgets that supported the cost of the capital programme in 2019/20, and there had been an underspend on the revenue contingency budget of £2m.

Members were then referred to Appendix A which detailed the monitoring of savings.

Members considered the report and as part of the discussions the following points were noted:

- The £1.303m overspend on insurance was largely due to increases in premiums which reflects insurance claims due to bad weather causing damage to the roads and claims for car damage from pot holes. Support was provided to services to manage insurance claims.
- £0.810m of the £1.097m underspend on Readiness for Adult Life was due to the new supported accommodation for young people requiring housing support in Grantham and Gainsborough -. These homes have avoided the Council placing these young people in more expensive out of county provision. The budget had allowed for a one year transition between the two but staff were able to cope with the demand more quickly than anticipated so the money was not needed for the out of county costs.
- The £0.104m underspend on the youth housing contract was due to not needing to draw on the additional funding earmarked from the 1% carry

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forward to support the contractor with temporary bed vacancies for young people at risk of homelessness and needing support. The additional funding was not required as occupancy levels had been between 95% and 100%.

- The £2.267m underspend in Enablers and Support to Council Outcomes was due to a number of factors as set out in the report, some of which were legacy issues. It was anticipated that the Legal underspend would not be there next year as Legal Services had now gone through a rebasing exercise.
- It was suggested that underspends could be re-used in-house by service areas rather than being allowed to accumulate. However, it was noted that if the underspends were moved to a new activity, then a political decision would be required. If the underspends were recurrent rather than a one-off, then the money could be used to fund other activities. Timely and accurate financial information would be required to enable virement in year, along with potential plans already in place to make a decision on. The new Development Fund would allow funding to be put into new activities.
- The Board agreed that there was a need to be prudent and not take risks with the underspends as it was better to have a small underspend than a large overspend.

RESOLVED:

1. That the Board support the recommendations to the Executive, as set out in the report;
2. That a summary of the comments made be passed on to the Executive in relation to this item.

90 CAPITAL BUDGET MONITORING REPORT 2019/20

Consideration was given to a report by the Assistant Director – Strategic Finance, which invited the Board to consider a report on the the Council's Capital Budget Monitoring for 2019/20, which was being presented to the Executive on the 4 February 2020.

Member were advised that for 2019/20, it was forecast that the capital programme would be underspent by £0.445m, which would be carried forward into the next financial year. For project schemes, the whole life budget was forecast to be underspent by £13.302m of which £11m was due to the Boston Barrier scheme, which was proposed to be replaced by various schemes as part of the 2020/21 onwards capital budget setting process.

Members were referred to Tables A and B for a net summary position for the Block Schemes and Project schemes, as at 30 November 2019. A detailed explanation of the schemes had been included within the report.

Members considered the report and as part of discussions the following points were noted:

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- The large difference between the gross and net budgets for some blocks was due to how the blocks were funded. Some blocks were funded wholly or partially by grants and income from outside bodies. Additional funding such as from grants and income would be included in the gross budget.
- The delayed opening of the Lincoln Eastern Bypass from Spring 2020 to Autumn 2020 was not currently generating costs in excess of budget and the project was still forecast to be within the whole-life scheme budget. A delayed project would not always generate additional costs as it would depend on the reasons why it was delayed and the extent to which the cost of any additional work was borne by the contractor. It was also normal practice to include an allowance for risk in capital scheme budgets. It was requested that the Executive Director – Place provide a briefing note to the Board on the costings for the Lincoln Eastern Bypass and an explanation of how costs were being managed within budget despite the delays to the project.

RESOLVED:

1. That the Board support the recommendations to the Executive, as set out in the report;
2. That a summary of the comments made be passed on to the Executive in relation to this item.

91 SERVICE REVENUE AND CAPITAL BUDGET PROPOSALS 2020/21

10.37am – Councillor S P Roe left the meeting and did not return.

Consideration was given to a report by the Head of Finance – Communities, which outlined the budget proposals for the next financial year 2020/21, specifically looking at the budget implications for the Council's commercial, support, corporate and enabling services. The Board was invited to scrutinise and comment on the proposals, prior to the Executive meeting on 4 February 2020 when it would make its final budget proposals.

Members were advised that the Council continued to face the effects of the significant reductions in government funding over recent years. Uncertainty around government funding beyond that announced in the Provisional Local Government Finance Settlement 2020/21 had meant that it was not considered practical for the Council to develop detailed long term financial plans at the current time.

There was a proposed general council tax increase of 1.5%, along with a 2% increase for Adult Social Care.

Members were referred to Table A, which set out the revenue budget for the service areas within the remit of the Board. The budget proposals had allowed for pay inflation of 2% for 2020/21. An explanation of service specific cost pressures had also been provided.

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Members were then referred to Table B, which set out the capital programme for the Council's commercial, support, corporate and enabling services. There had been one new project added to the capital programme as part of the budget setting process for 2020/21 which was a programme of property maintenance of £3.5m per annum from 2021/22 to 2028/29.

Members considered the report and during the discussion the following points were noted:

- The cost pressure for the Customer Services Centre was due to increases in both the cost of the contract with Serco when it was extended until 2022 and the volume of calls being received. The contract had been renegotiated to better reflect the actual cost of delivery being incurred by Serco. The Council's new website could counteract this increase in volume of contacts if customers start accessing services through the website instead.
- The Corporate Plan and the alignment of the budget with the future aspirations of the Council were not mentioned in the budget proposals due to the Corporate Plan only being approved by the County Council at its meeting in December 2019. However, the increased capacity for transformation to meet the Council's aspirations outlined in the Corporate Plan had been included in the proposed budgets.
- The cost pressure of £1.659m for the increased contractual cost for the "back office" processing in Financial Strategy was partially offset by savings such as the £440,000 saving generated from bringing Human Resources back in-house.
- Property rationalisation would result in some savings from reduced maintenance costs in the property capital programme. The One Public Estate programme was also looking at co-location across the county, including with partner organisations, and how to make the best use of the available property.
- The gross capital programme consisted of £170.077m for 2020/21 and a further £364.159m for the next nine years. The 2020/21 budget was considerably higher than subsequent years due to the capital programmes for the Lincoln Eastern Bypass and Grantham Southern Relief Road. The Council's contribution to the net capital programme was approximately £40m per annum over ten years.

RESOLVED:

1. That the Board support the budget proposals, as set out in the report;
2. That a summary of the comments made be passed on to the Executive as part of its consideration of the final budget proposals.

92 CAPITAL STRATEGY 2020/21

Consideration was given to a report by the Head of Finance – Corporate which invited the Board to consider a report on the Council's Capital Strategy 2020/21 which was due to be considered by the Executive on the 4 February 2020.

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Members were informed that the purpose of the capital strategy was to provide Members with a high level overview of capital expenditure, its financing and its longer term impact on future financial sustainability. The Head of Finance - Corporate advised that the report detailed the iteration of the capital strategy. Changes to the Capital Programme were listed in Annex D of Appendix A to the Executive report.

Members considered the report and during the discussion the following points were noted:

- Developer contributions could be received in advance of a project starting to fund any infrastructure required before the project could commence. -, - However, developer contributions were not always received in advance, so the Council would have to fund any capital expenditure required upfront and then offset the cost once the developer contributions for the project had been received such as with the Lincoln Eastern Bypass.
- The Capital Strategy would be included in the Budget Book to Council in February 2020.
- Capital receipts would no longer be used to fund revenue expenditure on projects as capital receipts were hard to project and there was a risk that the expected capital receipts would not materialise. This temporary rule introduced by the government would end in March 2022. Capital receipts would be used to fund the capital programme and reduce the borrowing requirements.
- The TransportConnect fixed loan (Annex F) was considered high risk as it was provided to a start-up business. In contrast, the Police loan was considered low risk as it was provided to another public body.
- The Corporate Plan's priorities were only referred to in Annex A of the Capital Strategy for 2020/21 as the Corporate Plan had only been approved by the County Council in December 2019. The Capital Strategy would be linked to the Corporate Plan in future versions as capital and revenue expenditure would need to be realigned to meet the Corporate Plan's ambitions.
- Capital monitoring was an important role for scrutiny which had been identified previously by the Board.
- There was a need to identify whether capital appraisals should be scrutinised by the Overview and Scrutiny Management Board or by the relevant scrutiny committee.

RESOLVED:

1. That the Board support the recommendations to the Executive, as set out in the report;
2. That a summary of the comments made be passed on to the Executive in relation to this item.

93 COUNCIL BUDGET 2020/21

Consideration was given to a report by the Assistant Director – Strategic Finance, which invited the Board to consider the proposed Council Budget 2020/21, which was due to be considered by the Executive on the 4 February 2020.

Members were advised that at its meeting on the 7 January 2020, the Executive had approved the budget proposals, as set out in Appendix A to the report, as the preferred option. Since these proposals, the provisional Local Government Finance Settlement 2020/21 had been announced and the implications of the settlement and an amended budget were set out at Appendix B to the report.

The budget proposals reflected the level of government funding available to the Council in 2020/21, as well as the proposal to increase Council Tax in 2020/21 by 1.5% plus 2% for the Adult Care precept.

Members were informed that the budget proposed a total net expenditure which was £1.5m less than the funding that the Council anticipated that they would receive.

£44.123m of cost pressures has been added to the proposed budget, which were mostly due to an increase in demand in Adult Care and the impact of the National Living Wage.

It was proposed that the total budget savings would total £14.842m. Members were reassured that the savings made would not mean a reduction in frontline services.

Members considered the report and during the discussion the following points were noted:

- The Board supported the establishment of the Development Fund as a new Earmarked Reserve.
- The significant reduction in total cost pressures from £44.123m in 2020/21, to £17.513m in 2021/22 and then to £7.772m in 2022/23, was due to particular cost pressures in the corporate budget for 2020/21, such as the £8.000m cost pressure for the change in use of capital receipts, which would be added into the base budget for the following years and would therefore be non-recurring. The cost pressures reflected known factors such as pay inflation but there were also unknown factors such as the national living wage and the number of looked after children, and these cost pressures were based on assumptions and numbers at the time of setting the budget. However, these could change over time and would be regularly reviewed. Any additional cost pressures would be built into our medium term financial plan, and could be covered if necessary from the financial volatility reserve.
- In-Depth Reviews of some service areas were being conducted. These areas were identified by the Executive as service areas which it considered needed to have a focused review. Reasons for this included:
 - where there was a significant underspend;

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- where there were changes to the delivery of a service such as from changes in legislation;
 - where there were potential efficiencies;
 - where there were opportunities to transform the service; and
 - where there may be opportunities for income generation.
- It was noted that the Children and Young People Scrutiny Committee was aware of the children related deep dives, but it did not appear that other scrutiny committees were. It was suggested that the In-Depth Reviews should be considered by the relevant scrutiny committee. It was also noted that the adults In-Depth Reviews would be through an independent external mechanism and it was suggested that the Adults and Community Wellbeing Scrutiny Committee should receive these.

The Chairman wished it to be noted that he abstained from voting on the budget proposals.

RESOLVED:

1. That the Board support the Executive Budget proposals, as set out in the report;
2. That a summary of the comments made be passed on to the Executive in relation to this item.

94 GENDER PAY GAP

Consideration was given to a report by the Head of Human Resources, which detailed the Gender Pay Gap data and analysis for Lincolnshire County Council as at 31 March 2019.

Members were advised that it was a requirement for employers with 250 or more employees to publish statutory gender pay gap information on an annual basis.

As at 31 March 2019, Lincolnshire County Council had 4899 employees in scope for the gender pay gap exercise, of which 67% of the workforce was female and 33% male.

The mean gender pay gap for 2019 was 5.8% which was an improvement on 2018. The medium gender pay for 2019 was 3.3%, which was wider than 2018.

An action plan had been created to further address the gender pay gap, which included reviewing flexible working policies and promoting arrangements that were in place such as paternity, parental leave, part time working and job share opportunities; consideration to be given to Unconscious Bias training forming part of the rollout of the new employee policies training; and encouraging females returning to work following periods of maternity/adoption leave or a break in employment to take up mentoring opportunities to support progression into management positions.

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Members considered the report and as part of the discussion the following points were noted:

- The Head of Human Resources agreed to circulate the timeline for actions to be implemented.
- It was noted that previously the Council had more female than male applicants to roles.
- Officers were pro-actively working with Lincolnshire Fire and Rescue to encourage more women to apply for roles within the Fire Service.
- There was also work planned to encourage more males into the caring industry as there was a much lower number of males.
- The Executive Director – Resources advised that all councils had been through a process to ensure that all organisations were legally managing pay issues.
- It was suggested that a development plan with strategic objectives be used to monitor targets and progress against the gender pay gap.
- There had also been significantly more use of the secondment policy with more females being accepted into secondment roles, which often provided the opportunity for employees to gain the experience needed to progress.
- It was highlighted that officers continued to work to identify the barriers in place which may stop women progressing into higher roles and to encourage and assist where possible to enable females to have further opportunities.

RESOLVED:

That the Gender Pay Gap data and action plan be noted.

ITEMS FOR INFORMATION ONLY

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PROGRAMME

This item had been circulated to the Board for information only and was not discussed at the meeting.

The meeting closed at 11.55 am