



OVERVIEW AND SCRUTINY MANAGEMENT BOARD 27 AUGUST 2020

PRESENT: COUNCILLOR R B PARKER (CHAIRMAN)

Councillors R Wootten (Vice-Chairman), B Adams, C J T H Brewis, Mrs J Brockway, R J Kendrick, C S Macey, C E H Marfleet, C R Oxby, N H Pepper, E W Strengiel

Added Members

Parent Governor Representatives: Mrs M R Machin and Miss A E I Sayer

Councillors: R D Butroid, M J Hill OBE and M A Whittington attended the meeting as observers

Officers in attendance:-

Pam Clipson (Head of Finance - Adult Social Care and Wellbeing), Katrina Cope (Senior Democratic Services Officer), Diane Coulson (Assistant Director - Public Protection), James Drury (Executive Director - Commercial), John Giblin (Team Leader for Strategic Communications), Michelle Grady (Assistant Director - Strategic Finance), Nick Harrison (Democratic Services Officer), Tracy Johnson (Senior Scrutiny Officer), Mandy Knowlton-Rayner (Insurance and Risk Lead), Sue Maycock (Head of Finance - Corporate), Keith Noyland (Head of Finance - Communities), Mark Popplewell (Head of Finance - Children's Services), Fraser Shooter (Health and Safety Team Leader) and Nigel West (Head of Democratic Services and Statutory Scrutiny Officer).

15 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillors Mrs W Bowkett and Mrs A M Newton. Apologies were also received from Councillor B Young (Executive Councillor for Community Safety and People Management), Debbie Barnes OBE (Chief Executive) and Andrew Crookham (Executive Director – Resources).

It was reported that, under Regulation 13 of the Local Government Committee and Political Groups Regulation 1990, Councillor C J T H Brewis had been appointed as a substitute for Councillor Mrs A M Newton, and Councillor C R Oxby had been appointed as a substitute for Councillor Mrs W Bowkett for this meeting only.

16 DECLARATIONS OF INTEREST

There were no declarations of interest.

**OVERVIEW AND SCRUTINY MANAGEMENT BOARD
27 AUGUST 2020**17 MINUTES OF THE MEETING HELD ON 2 JULY 2020

RESOLVED:

That minutes of the meeting held on 2 July 2020 be approved as a correct record and signed by the Chairman.

18 MINUTES OF THE MEETING HELD ON 28 JULY 2020

RESOLVED:

That minutes of the meeting held on 28 July 2020 be approved as a correct record and signed by the Chairman.

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

The Chairman announced that he had attended a meeting of the Executive on 7 July and presented the comments from the Board on the Review of Financial Performance, which included reference to:- The overspend of £2.373 million on the home to school/college transport budget; the purpose of the Council's contingency budget of £3 million and slippage on the capital programme. In response, the Leader of the Council had referred to anticipated pressures on the Council's budget during 2020/21, such as the potential for inflation arising from the procurement of services, particularly for home to school/college transport and the purpose of the contingency budget which would be reviewed during the course of the year. In addition, the Leader had highlighted that capital programme funding would be focussed on the delivery of the Council's preferred schemes, and if other schemes were substituted to take up slippage, there would be a risk that funding would not be available for the preferred schemes.

At the Board meeting held on 2 July, it was agreed that the Chairman and the Vice Chairman would meet with James Drury, Executive Director – Commercial, to discuss how to monitor future progress of the Business World re-design and other IMT services going forward. A meeting at the end of July was held and again on 26 August 2020 to discuss options and agree a way forward. A report on future IT reporting arrangements would be considered by the Board at its meeting on 24 September.

20 CONSIDERATION OF CALL-INS

None had been received.

21 CONSIDERATION OF COUNCILLOR CALLS FOR ACTION

None had been received.

22 COVID-19 RECOVERY UPDATE

Consideration was given to an update report by the Assistant Director – Public Protection, which provided an overview of the partnership approach and governance arrangements to manage Lincolnshire's recovery from 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 although unsettling, had demonstrated what was achievable through collaborative working.

The report advised that as well as serious implications for people's health and public services, Covid-19 was having a significant impact on the economy and the recovery approach would need to be considered against an uncertain economic backdrop. This situation was compounded by increased demand in areas of service activity such as social care teams, wellbeing services and infection control for example.

The Board was asked to consider the report and provide feedback on the points raised and agree when a subsequent report should be scheduled for a future meeting to allow the Board to monitor the progress of the Council's recovery.

Members considered the report, and during discussion the following points were made:

- Members welcomed the report and requested that a further update report be given at the October meeting of the Board. It was thought that the September meeting was too soon for a further update and it was recognised that officers had spent a significant amount of time producing such a detailed and comprehensive report.
- Assurance was sought and given that there were processes in place to deal with any outbreaks in neighbouring counties. Particular reference was given to an outbreak of the virus in a factory near Newark. Members noted that testing units were spread across the County. High risk settings such as factories had been provided with advice on how to prevent outbreaks and what to do if one occurred. Reassurance was given that prevention measures, staff training, data monitoring and collection and the action plan in the event of an outbreak were regularly reviewed.
- It was confirmed, following a question, that good practice arising from the work of voluntary and support groups would be shared and disseminated amongst them. It was especially important as groups who may now be dormant may need to be reactivated in the future.
- The implications for the County as a result of the recent announcement by the Government to disband Public Health England would be kept under review.
- Assurances were sought and given about arrangements for staff homeworking, access to offices, staff testing and other measures to ensure staff safety and that such advice had been disseminated to managers.
- The importance of ensuring safe and available transport from home to school, especially in rural areas, was acknowledged, as was the need to keep under review the measures in place to protect the vulnerable living in care homes.

OVERVIEW AND SCRUTINY MANAGEMENT BOARD 27 AUGUST 2020

- It was noted that at present the County had the lowest number of cases in the country and although this was a good position, vigilance and preparedness was still very important and necessary.
- The Government announcements on the use of face masks were being monitored, particularly those in relation to school transport and the difficulties surrounding enforcement were recognised. It was suggested that traffic problems may arise should there be an increase in the number of cars used to transport children to school.

(Councillor R Wootten took the Chair for consideration of the decision as the Chairman briefly lost internet connection)

RESOLVED:

1. That the Board considered the report and provided feedback, as detailed above;
2. That a further report be scheduled for the meeting of the Board on 29 October 2020.

(The Chairman re-joined the meeting and took the Chair for the remainder of the meeting)

23 REVENUE BUDGET MONITORING REPORT 2020/21 - QUARTER 1 TO 30 JUNE 2020

Consideration was given to a report by the Assistant Director – Strategic Finance, on Revenue Budget Monitoring, which was due to be presented to the Executive on 2 September 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 forecasted this year was for an overspend of £3.555m (excluding schools). There was a forecast underspend on capital financing charges of £6.948m but this was not included within this forecast position at this stage. General reserves at the end of the year would remain within the target range of 2.5% to 3.5%, however, if it was not possible to manage to turn around the current revenue forecast then the Financial Volatility Reserve would need to be used to support the budgetary position.

The impact of this revenue budget forecast on the Council's resilience had been assessed and the conclusion was that financial resilience had weakened due to the financial impacts of the Covid-19 pandemic both in the current year and looking forward to next year. It was noted that there were healthy reserve balances and the aim was to strengthen financial resilience by: continued monitoring of the financial position and undertaking work to address issues as they arose; continued reporting of the Covid-19 impacts to Government alongside working with the Society of County Treasurers to ensure that the Government understood the particular issues faced by

OVERVIEW AND SCRUTINY MANAGEMENT BOARD
27 AUGUST 2020

County Councils; refreshing and updating the Medium Term Financial Plan and Strategy; focusing on transformation work to reduce cost pressures and create budget savings; and requesting all budget holders to preserve any budgetary savings incurred this year to help support the overall position.

Members of the Board asked a number of questions, and the following points were confirmed:

- Potential savings arising from Covid-19, such as from reductions in travel costs, utility bills for buildings, training costs, and room hire costs, should be available to report in Quarter 2. It was reported by officers that service areas were being asked to forecast these potential savings and keep the savings available to cover any budget pressures.
- A number of bodies, such as the County Councils Network and Local Government Association, had been putting forward the budgetary pressures facing councils as a result of the Covid-19 pandemic across the country to the Government. In response the Government had delivered three tranches of additional funding to councils. The first tranche was calculated predominantly based on the adult social care needs assessment which focussed on adult social care figures as this was seen as an area requiring additional funding. The second tranche was calculated based on population which was more supportive of district council funding. The third tranche was around population and deprivation.
- Councils had to complete monthly returns to the Ministry of Housing, Communities and Local Government (MHCLG) which had helped the Government respond to funding pressures facing councils. The Council would also inform the Government what it had lost in terms of sales, fees and charges, such as from the registrars and heritage services, and the Government would reimburse the Council for only some of those losses through the reimbursement scheme.
- Budgetary pressures in relation to home to school transport were already coming through before Covid-19 due to higher cost per day transport delivery costs. Due to Covid-19, the Government had announced additional funding of £720,000 for home to school transport for Lincolnshire. The funding would be used to help pupils get to school safely from the start of September to the October half term. Any underspend would have to be returned to the Government. High capacity routes were being looked at where there were a high number of pupils trying to access school transport. Designated school transport would be provided for these pupils to enable them to travel to school safely. The costs were being worked through but it was considered that the funding would be sufficient. Children with medical needs might incur additional costs. An update on the school transport budget would be provided in Quarter 2.
- The overspend of £0.787m on social care legal costs for Children's Services was due to a number of factors such as court decisions being delayed in response to Covid-19, an increase in disbursement fees, and an increase in the number and length of proceedings. Children's Services were working with

OVERVIEW AND SCRUTINY MANAGEMENT BOARD 27 AUGUST 2020

Legal Services to look at how to reduce and manage the social care legal costs.

- Whilst a service budget overspend was currently forecasted, it was hoped that this could be managed so there would be no requirement to use the Volatility Reserve to support the budgetary position. It was hoped that the emergency Covid-19 grant of £40.299m from the Government should cover the additional costs arising from Covid-19. Savings were also being identified to balance service delivery costs and any deficits should be managed within this year's budget.
- The overspend of £1.690m on waste services was due to a significant increase in volume of Mixed Dry Recycling (MDR) and a change in provider for the MDR contract. The MDR related to business premises would usually go through a commercial route, but changes in people's working arrangements due to Covid-19 had displaced this waste to coming through the household route and being processed by Lincolnshire County Council. The costs were also higher due to an increase in cost per tonne.

RESOLVED:

1. That the Board unanimously supported the recommendation 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.

24 CAPITAL BUDGET MONITORING REPORT 2020/21 - QUARTER 1 TO 30 JUNE 2020

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

The report provided an update on capital spending compared with budgets for the financial year which started on 1 April 2020. The current forecasted position was for an underspend of £23.352m.

(Miss A Sayer, Parent Governor Representative, gave her apologies for the remainder of the meeting).

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

- The forecast overspend for the Lincoln Eastern Bypass and the Grantham Southern Relief Road reflected the additional costs for the projects due to Covid-19 and bad weather. The additional costs from Covid-19 was due to the impact of social distancing measures which needed to be put in place, for

**OVERVIEW AND SCRUTINY MANAGEMENT BOARD
27 AUGUST 2020**

example two people would usually be required when laying kerbs but additional equipment was required to enable this work to be undertaken.

- The refund from BT of around £1.840m for broadband was hoped for but not certain at the time the budget was set, and was therefore not included in the budget reserves. The carry forward of £1.187m from 2019/20 was due to the complexity of those properties left to connect to broadband. Due to Covid-19, the Council was in a more complex position trying to improve connectivity to hard-to-reach properties as it was less appealing to commercial providers who were pulling out. The Council was waiting to hear about the £5bn of government funding for broadband and what share Lincolnshire would receive of this funding.
- The overspends and underspends on the capital programme were significant and it was questioned how the forecasting could be made more accurate. The Board offered support to officers and the Executive for a review of how capital financing charges were reviewed on an ongoing basis to provide more accurate forecasting.

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.

25 INSURANCE PORTFOLIO - EXTENSION TO CURRENT CONTRACT

Consideration was given to a report by the Insurance and Risk Lead, on the extension of insurance contracts which was due to be presented to the Leader of the Council between 28 August 2020 and 2 September 2020. The views of the Board would be reported to the Leader as part of his consideration of this item.

The report recommended a delay to the procurement and proposed the extension to the current insurance arrangements for no more than two years, with the tender to take place in April 2022 or April 2023, depending on the outcome of the extension offers by the current insurers. Also recommended was a corresponding extension of the broker contracts to realign to the procurement process for the tender. The insurance portfolio was due for tender in April 2021. The total current contract values amounted to £2.2m. The Public Contracts Regulations 2015 permitted such an extension.

The total insurance premium spend for 2020/21 was £2,159,412 and the current insurance programme consisted of 18 different policies of insurance. The main ones related to employers and public liability, property, motor and professional indemnity.

The Board was informed that there were a number of factors currently affecting the insurance market which included: the capacity of insurers to underwrite risks; the number of insurers in particular markets - a reduction in the number of insurers for Public Sector risks; the premiums being charged for those risks; and the policy cover being provided with additional exemptions or restrictions being advised. It was also

**OVERVIEW AND SCRUTINY MANAGEMENT BOARD
27 AUGUST 2020**

noted that 2019 had been the fourth costliest insurance claim year in history, affecting the profitability of insurers. Lincolnshire County Council had to a large extent been protected from wholesale premium increases over the last five years.

It was noted that the ability to have sustained premiums for liability insurances for five years was almost unheard of and the closest public sector comparators had experienced increases of between 10% - 30%. Covid-19 had further impacted the market. As the full impacts of the virus were not known or yet clearly modelled for, insurers of risk were withdrawing from areas of the market and were also looking to significantly increase premiums to cover the uncertainty. An indication of expected premium increases across all lines of cover was between 15% - 35%.

Members of the Board asked a number of questions, when the following points were confirmed:

- The extension to the broker contract was required as the Council's access to the insurance market would be severely impacted if the broker was not available to support access to the market.
- Property insurance costs were high due to a number of fire and storm related losses over the past five years. There had been a significant loss every year for the past four years which included a fire at a county farm, an arson attack at a youth centre, and a fire at a depot in Barrowby. In addition, there was the recent storm damage caused to the windmill in Burgh le Marsh. Fire risks were a concern to insurers, particularly in educational settings like schools. As a result, the Council had a higher self-insurance level on schools. The cost to the Council was £10,000 per claim for fire damage with the majority of the cost borne by the insurer, who reflected these costs by increasing the insurance premiums.
- The potential saving to the Council from delaying the procurement was between 15% and 35% by avoiding the expected premium increases which other councils had incurred. The Board therefore considered the extension of the current contract a good idea as it would save the Council some money.
- Academies could not be insured through the Council's insurance portfolio. The Council had worked with the West Midlands Academy group to facilitate an insurance product for Lincolnshire's academies to access, but as the take up was low, the Council would no longer be involved in that. Going forward the majority of the academies would be part of the Government's risk pooling arrangements (RPA) which would now be open up to schools to access as well. There had been a gradual reduction in the property portfolio due to the increase in academies, but the liability to the Council still existed because of on-going claims which arose from incidents in schools whilst the Council was the insurer.

RESOLVED:

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

26 HEALTH AND SAFETY ANNUAL REPORT 2019-20

Consideration was given to a report by the Health and Safety Team Leader, on the Health and Safety Annual report which covered the period between April 2019 and March 2020. The report highlighted actions undertaken to ensure statutory requirements, under health and safety legislation, were met and gave a level of assurance within key areas of compliance. The final report had been published on the Council's website and was split into five sections: Key results, key achievements, employee wellbeing, supporting the business, key actions and future priorities.

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

- The Board welcomed the comprehensive and well laid out report and suggested that regular assurance reports would be helpful going forward. A new IT reporting system, when fully up and running, would be able to provide better comparisons year on year, as well identifying important trends and behaviours.
- There was no significant coverage of Covid-19 in the report as it was for the period April 2019 and March 2020. Next year's report would extensively cover the impact of Covid-19.
- A significant amount of guidance, support, risk assessments, building and regulation reviews had been undertaken as a result of Covid-19 and a reference document for managers had been produced.
- Work was on-going to understand the impact on current staff working arrangements and also what new ways of working may look like in the future.
- It was noted that the biggest health and safety decision the Council had ever made was to move staff to homeworking where possible in March 2020.

RESOLVED:

That the Board considered the report and provided feedback as detailed above.

27 OVERVIEW AND SCRUTINY MANAGEMENT BOARD WORK
PROGRAMME

Members were advised that this item was for information only and noted the report.

The meeting closed at 12.19 pm

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