



**OVERVIEW AND SCRUTINY MANAGEMENT
BOARD
29 SEPTEMBER 2022**

PRESENT: COUNCILLOR R B PARKER (CHAIRMAN)

Councillors T J N Smith (Vice-Chairman), M Brookes, P M Dilks, R J Kendrick, C S Macey, C E H Marfleet, N H Pepper and R A Wright

Added Members

Councillors M J Hill OBE (Leader of the Council and Executive Councillor for Resources, Communications and Commissioning), M A Whittington (Resources, Communications and Commissioning) and Mrs S Woolley (NHS Liaison, Community Engagement, Registration and Coroners) attended the meeting via Microsoft Teams

Officers in attendance:-

Nicola Calver (Member Services Manager), Kiara Chatziioannou (Scrutiny Officer), Andrew Crookham (Executive Director Resources), Paul Elverstone (Lead IT Contract & Vendor Relationship Officer), Donna Fryer (Head of Portfolio and Resources, IMT), Tracy Johnson (Senior Scrutiny Officer), Mandy Knowlton-Rayner (Insurance and Risk Lead), Sue Maycock (Strategic Finance Lead (Technical)), Karen Tonge (Treasury Manager), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer), John Wickens (Assistant Director - IMT and Enterprise Architecture) and Emily Wilcox (Democratic Services Officer)

Chris Scott (Link Asset Services) also attended the meeting via Microsoft Teams.

38 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillor Mrs J Brockway, Councillor I D Carrington Councillor E W Strenziel and Alex Sayer (Parent Governor Representative).

It was reported that, under Regulation 13 of the Local Government (Committee and Political Groups) Regulations Councillor R A Wright be appointed as a substitute for Councillor E W Strenziel for this meeting only.

Apologies for absence were also noted from Debbie Barnes OBE (Chief Executive), Councillor R D Butroid (Executive Councillor for Executive Councillor for People Management, Legal and Corporate Property) and Councillor H Spratt (Executive Support Councillor for People Management, Legal and Corporate Property)

2
OVERVIEW AND SCRUTINY MANAGEMENT BOARD
29 SEPTEMBER 2022

39 DECLARATIONS OF INTEREST

There were no declarations of interest.

40 MINUTES OF THE MEETING HELD ON 25 AUGUST 2022

RESOLVED:

That minutes of the meeting held on 25 August 2022 be approved as a correct record and signed by the Chairman.

41 ANNOUNCEMENTS BY THE CHAIRMAN, EXECUTIVE COUNCILLORS AND CHIEF OFFICERS

The Chairman advised that the Vice Chairman, Councillor Tom Smith, attended the last meeting of the Executive on 6 September on his behalf to present the Board's comments on the Corporate Plan Success Framework for Quarter 1, and the Revenue and Capital Budget Monitoring reports. With regards to the Board's Revenue Budget Monitoring comments, the Executive was advised that the Corporate Leadership Team was working with senior leaders to review all budgets, including efficiencies, and these would be brought back for consideration in due course. In response to the Capital Budget Monitoring comments from the Board, it was confirmed all projects which were in progress would be delivered, however there would need to be further consideration of any future projects. In relation to the Board's comments on the Quarter 1 performance report, there was a discussion at the Executive regarding the number of days lost to sickness absence per full time equivalent, currently at 8.8 days which was considered not acceptable. It was highlighted that the 8.8 days was the average across the organisation, but higher levels of sickness absence were being seen across the Adults and Children's Services workforce. The Executive was reassured that managers continued to manage sickness absence, and back to work interviews were an important part of managing this, as well as returning staff members workloads being managed appropriately.

42 CONSIDERATION OF CALL-INS

None had been received.

43 CONSIDERATION OF COUNCILLOR CALLS FOR ACTION

None had been received.

44 INSURANCE STRATEGY

Consideration was given to a report by the Insurance and Risk Lead, which sought approval for the proposed Insurance Strategy. The Board was invited to consider the report prior to its consideration by the Executive Councillor for Resources, Communications and Commissioning.

Members were advised that the overall programme of insurance had performed well since 2016. The strategy proposed two areas where changes to the current arrangements needed to be made: general property insurance and schools.

The report highlighted three alternative options to the proposed insurance strategy of which further detail was provided: no change to current arrangements; greater self-retention across all policies and the recommendation that schools moved to a government risk pooling scheme.

The Board was referred to the Insurance Strategy which was set out at Appendix A to the report.

The Board supported the recommendations to the Executive Councillor and during the discussion the following points were noted:

- Overall Insurance Programme - The insurance policies were renewed on an annual basis, so if there was a significant change in requirements then the terms of the policies could be renegotiated. One of the requirements in the previous tender was to have premium security to ensure that the insurance fund remained solvent, which meant that subject to no significant changes in the risk profile, the insurers almost guaranteed the premiums year on year subject to slight inflationary pressures.

When a claim had to be settled across any of the portfolios, the reasons behind the claim were reviewed and discussions took place with the relevant service area. Regular claims data was also reported through the corporate risk and safety steering group. Steps were taken to ensure that lessons were learned from those claims and whether anything could be improved. There had been significant reductions in terms of claim numbers, both from employer liability and public liability, and the risk management approach, which was recently reported to the Audit Committee, was evidenced.

- Schools - Support was provided to the proposal to explore a separate lot for school's risk while continuing to be covered through the overall insurance programme for comparative purposes. No clarification could be provided as to why the Government's risk pooling protection scheme for schools was not subject to insurance premium tax when insurance policies were.

**OVERVIEW AND SCRUTINY MANAGEMENT BOARD
29 SEPTEMBER 2022**

- Terrorism cover - A decision had been taken during the previous tendering process to not renew terrorism cover because the risk profile had changed, and the cost was becoming disproportionate to the risk that was identified.
- General Property Insurance - The risk profile for property had been in a better position for the previous tendering process and although there were different excess levels for self-insurance last time, the Council managed to secure a good deal with only having to have £10,000 self-insured for general property.

The self-retention level was increasing to £150,000 due to a combination of factors. Feedback from pre-market engagement to establish the appetite for risk across the whole portfolio indicated a declining appetite for property and a potential low level of response if the Council retained the £10,000 level of excess. In addition, the premium charge for a £10,000 excess was likely to increase significantly which would also increase the amount to be paid for the 12% insurance premium tax. If the size of the premium could be reduced, then the insurance premium tax would also reduce. No trends had been identified from previous property claims, which were all one-off individual items.

An actuarial review was undertaken on an annual basis to look at the sustainability of the insurance fund and put forward recommendations. In line with the market engagement carried out with insurers and looking at the sustainability of the insurance fund, a figure of £150,000 for the self-retained excess was identified.

Further information was requested on how much extra the Council would have had to pay out if the self-retained excess level had been £150,000 rather than £10,000 in the current policy.

RESOLVED:

1. That the recommendations to the Executive Councillor, as set out in the report, be supported;
2. That a summary of the comments made be passed on to the Executive Councillor as part of their consideration of this item.

45 UPDATE ON IMT SERVICES - SERCO CONTRACT PERFORMANCE AND PROJECT PORTFOLIO

Consideration was given to an update by the Lead IT Contract and Vendor Relationship Officer which provided an overview of the Serco contract performance against key performance indicators for November 2021 – July 2022, which was set out at table one to Appendix A.

The report highlighted significant additional pressures on the IT service desk as a result of the rollout of Modern Device Management (MDM) which had impacted service delivery of IMT_KPI_12, IMT_KPI_14, KPI_IMT_18 and KPI_IMT_19.

The long running fault condition with remote access (aka AlwaysOnVPN) that gave rise to a longer than expected period of KPI relief was now largely eradicated and the backlog of tickets previously reported had been cleared and was not expected to rise.

Consideration was given to the update on key performance indicators and during the discussion the following points were noted:

- Following the completion of the MDM rollout, the backlog of service requests were seen to be under control and had significantly reduced. It was not anticipated that requests would rise to the levels seen within the previous year.
- The backlog of incidents due to the MDM rollout had seen consequences on service delivery across the Council as well as user frustration. Assurance was provided that despite issues, services continued to operate successfully due to the efforts of staff.

Consideration was then given to an update from the IMT Head of Portfolio and Resources in which a summary of project performance was highlighted, in particular mentioning the current status of projects which had a red or amber status - IMT-354 PSN Compliance; IMT-503-2009 LFR Environment Migration and Onboarding; IMT-559-2204 Legal Services Case Management System and MT-561-2205 STAMP Replacement (MTC).

Incoming work continued to be reviewed alongside the inflight portfolio to ensure prioritisation of work to safeguard that the most critical work was prioritised.

Consideration was given to the update and during the discussion the following points were noted:

- It was expected that a module within MTC would be used as a replacement for the school transport eligibility system. It was hoped that the replacement would be live by the end of October 2022.
- IMT was working with Legal Services to ensure commitment to a provider for the legal services case management system. The Board was reassured that lessons had been learned from a delay in the process and assurance was provided that more proactive engagement and horizon planning would be prioritised going forward.
- The Board acknowledged challenges within the recruitment of IMT staff in specialist areas. Assurance was provided that officers were working alongside the Executive

**OVERVIEW AND SCRUTINY MANAGEMENT BOARD
29 SEPTEMBER 2022**

Director to ensure the prioritisation of portfolio work where necessary and officers were confident that resources were being managed appropriately to mitigate risks.

RESOLVED:

That satisfaction be given to the performance of the Serco contract, and the progress made on the highlighted projects currently being commissioned through IMT.

46 TREASURY MANAGEMENT ANNUAL REPORT 2021/22

Consideration was given to a report from the Treasury Manager, which invited the Board to consider the Treasury Management Annual Report 2021/22.

The report highlighted the key areas of interest for the Board including detail regarding the Economic Overview and Interest Rate Review 2021/22; treasury investments; long term borrowing and external borrowing.

Short-term borrowing at less than investment rate levels had been taken during the year to support predicted liquidity shortfalls, in line with the Strategy. Long term rates had fallen at the end of 2021, but as part of the general global trend to tackle inflation, had started to increase in the last quarter of the year.

The Council's risk appetite for its treasury investments remained low, as it prioritised security of capital and liquidity over return. No external borrowing had been undertaken in 2021/22 and £11m of debt had been repaid.

The Director - Public Sector Treasury at Link Asset Services provided an update on the Council's treasury management activity, giving his view on the Council's internal borrowing was aligned with other authorities. The avoidance of long-term external borrowing was seen as an appropriate strategy and an effective way of keeping costs down. The Council's Treasury Management performance was considered to be credible with no indicators having been breached for the period.

Since the end of the reporting period, there had been significant market and economic changes impacting the interest rate outlook. A new interest rate forecast had been issued which would be used to ensure an appropriate strategy going forward. It was forecasted that inflation would peak in the coming months before starting to fall again.

Consideration was given to the report and during the discussion the following points were noted:

- Officers would look to change the calculations for MRP to an annuity method akin to mortgages with a fixed period payment of loan, allowing for a lower principle repayment in early years. It was noted that any changes affecting the council's

budget proposals would be agreed through the appropriate decision making process. It was clarified that the amounts of loan repayments would not change, instead the changes would be reflective of the funds set aside each month for the repayment of loans.

- Any changes from SONIA to an alternative system would be reflective of market investment activity. The Council had the ability for benchmarking to be more reflective for future investments. It was likely that the existing SONIA system would be adjusted to better reflect and compare to actualities.
- It was clarified that internal borrowing was a means of using internal funds to meet the capital expenditure programme by resource of cash.
- It was not considered appropriate to increase the level of external borrowing to fund 2022/23 expenditure at current rates as anything borrowed in advance would immediately be subject to a 'cost of carry' charge. Decisions on external borrowing had been based on the Council's current position.
- Within the current climate, it was the opinion of both officers and the Executive that the commercial and financial risks associated with lending money to the public to assist with business start-ups were felt to be too high. The Council's large capital programme was seen to be a better way of supporting local businesses to succeed.

RESOLVED:

That the treasury management annual report 2021/22 be endorsed.

47 TREASURY MANAGEMENT PERFORMANCE 2022/23 - QUARTER 1 TO 30 JUNE 2022

Consideration was given to a report by the Treasury Manager, which invited the Board to consider the Treasury Management Performance for quarter one of 2022/23, focussing on interest rates, investments and borrowing.

Members were referred to Appendix A to the report which set out key interest movements in 2022/23. Since the publication of the report, inflation continued to rise which was impacting the economy. It was expected that a recession would run to the end of 2023.

Consideration was given to the report and during the discussion the following points were noted:

- The exchequer was expected to give an announcement around the local government settlement on 23rd November 2022. The Board acknowledged that circumstances were volatile and fast moving.
- It was noted that there had been an indication that there would be little change in terms of the settlement going forward. The government's current intention was thought to be to maintain the level of settlement as the previous year.
- It was forecast that the base rate would peak to 5% from a previous 2.75%.

RESOLVED:

That satisfaction be given to the Treasury Management performance for Quarter One of 2022/23.

48 SCRUTINY COMMITTEE WORK PROGRAMMES

Consideration was given to a report by the Chairman of the Children and Young People Scrutiny Committee which provided an update on the recent work of the committee and its future work programme, as detailed at Appendix A.

Consideration was given to the report and during the discussion the following points were noted:

- The success of the holiday activities and food programme was commended.
- The effects of the cost of living crisis on children and families across the County was emphasised and the Committee would monitor the situation. It was clarified that funding for the holiday activities and food programme was received from the government.

Consideration was then given to a report by the Chairman of the Public Protection and Communities Scrutiny Committee, which provide an update on the recent work of the Committee and its future work programme, as set out at Appendix B to the report.

The Chairman of the Public Protection and Communities Scrutiny Committee advised of one change to the work programme which was the item on Lincolnshire Fire and Rescue – Progress on Response to Inspection Outcomes from Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services had been moved to the meeting in December to ensure that the outcomes of the follow up appointments have been submitted prior to the item returning to scrutiny.

The Committee had scheduled a visit to the County Emergency Centre on 30 September where Members would be shown around the facility and have the opportunity to hear about past and recent operations.

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In response to a question, the Chairman of the Public Protection and Communities Scrutiny Committee acknowledged the impact of the cost of living crisis on communities and advised that the Committee would continue to monitor the situation in relation to the services it monitored.

RESOLVED:

(1) That satisfaction be given to the activity undertaken since 28 April 2022 by:

- (a) the Children and Young People Scrutiny Committee; and
- (b) the Public Protection and Communities Scrutiny Committee.

(2) The satisfaction be given to the work programme of:

- (a) the Children and Young People Scrutiny Committee; and
- (b) the Public Protection and Communities Scrutiny Committee.

49 REVIEW OF THE SCRUTINY FUNCTION

Consideration was given to a report by the Head of Democratic Services and Statutory Scrutiny Officer, which invited the Board to consider the findings and action plan of a review of the Council's scrutiny function undertaken by the Centre for Governance and Scrutiny (CfGS) in March 2022.

Feedback from the review was generally positive and had concluded that Lincolnshire County Council's scrutiny function performed well against other local authorities in a number of areas which were outlined in the report.

The report highlighted the potential for further work to be carried out to support the demarcation of the roles of scrutiny officers and democratic services offers; the potential advantages of a more strategic approach to questioning which would be supported by scrutiny officers and the benefit of scrutiny committees taking ownership of their own work programme. An action plan had been produced and was set out at Appendix 1 to the report.

Consideration was given to the report and during the discussion the following points were noted:

- It was hoped that the proposal for greater demarcation between the roles would allow more capacity within both the scrutiny team and democratic services team allowing scrutiny officers to support the scrutiny function in individualised ways such as strategic questioning and seeding lines of enquiry.
- Improvements to the effectiveness of questioning to provide robust, constructive challenge were proposed to be made by considering various proposals within scrutiny reports and included the option of executive councillors presenting policy development reports with support from chief officers which would allow for strategic exchanges to be made between Councillors and allow scrutiny to be a critical friend to the executive.

10

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

29 SEPTEMBER 2022

- The scrutiny team would support Committees to build Members knowledge to assist with the effectiveness of scrutiny.
- It was requested that the full CfGS report be circulated to the Board.
- The Board acknowledged the success of scrutiny at Lincolnshire County Council and welcomed the improvements proposed to make scrutiny more effective.
- The potential benefits of receiving advice from expert witnesses was recognised.
- It was suggested that scrutiny Chairmen and Officers attend scrutiny committee meetings at other councils to provide further comparison.

RESOLVED:

That the findings of the Scrutiny Review and the action plan arising from the Review be endorsed.

50 OVERVIEW AND SCRUTINY MANAGEMENT BOARD WORK PROGRAMME

It was noted that this item was for information only.

The meeting closed at 12.48 pm