

Present: Councillor Ric Metcalfe (*in the Chair*),
Councillor Donald Nannestad, Councillor Chris Burke,
Councillor Sue Burke, Councillor Bob Bushell and
Councillor Neil Murray

Apologies for Absence: None.

33. Confirmation of Minutes - 22 August 2022

RESOLVED that the minutes of the meeting held on 22 August 2022 be confirmed and signed by the Leader as a correct record.

34. Declarations of Interest

No declarations of interest were received.

35. Financial Performance-Quarterly Monitoring

Purpose of Report

To present the first quarter's performance (up to 30 June 2022) on the Council's General Fund, Housing Revenue Account, Housing Repairs Service and Capital Programmes, and to seek approval for changes to the capital programmes.

Decision

1. That the financial performance for the period 1 April 2022 to 30 June 2022 and the projected outturns for 2022/23 be noted.
2. That the underlying impact of the pressures and underspends identified in paragraphs 3.2 (and Appendix B), 4.2 (and Appendix D), and 5.2 (and Appendix F) be noted.
3. That the changes to the General Investment Programme approved by the Chief Finance Officer as detailed in paragraph 7.4 be noted.
4. That the changes to the General Investment programme and the Housing Investment programme as detailed in paragraphs 7.3, 7.10 and 7.11 be approved.

Alternative Options Considered and Rejected

None.

Reason for Decision

The Council approved a balanced budget earlier this year, but much had changed since that point. Critically, inflation had risen to the highest level in forty years, driven in part by the effects of Covid19, global supply chain disruptions, Brexit and the war in Ukraine. The consequence of this spiralling inflation on pay, contractual and energy costs had resulted in growing financial pressures for the Council, with the General Fund forecasting a significant financial shortfall for

2022/23 and with cost pressures also in the Housing Revenue Account and Housing Repairs Service.

As a result, the Council needed to consider a range of mitigation actions if it was to retain a sustainable financial position in 2022/23. Alongside this the Council would focus on lobbying Central Government for funding to support councils through these inflationary pressures, and for long-term sustainable funding settlements for local government.

The impact of these new financial pressures the Council faced could not be underestimated and were not solely related to 2022/23. These inflationary increases would permanently increase the cost base of the Council and would have implications for the Medium-Term Financial Strategy and, in the absence of additional financial support from Central Government, implications for the range and level of services that the Council could continue to provide. A further report setting out the financial impact beyond 2022/23 would be presented to the Executive later in October.

Whilst there were a significant number of planning variables which were subject to unprecedented levels of uncertainty, based on the latest set of assumptions as at the end of the first quarter (up to 30th June) the forecast financial position of the Council was detailed at paragraph 2.6 of the officer's report

Updates were reported as follows:

General Fund Revenue Account

For 2022/23 the Council's net General Fund revenue budget was set at £8,907,490 including a planned contribution to balances of £60,700 (resulting in an estimated level of general balances at the year-end of £2,731,299 after allowing for the 2021/22 outturn position).

The General Fund Summary was currently projecting a forecast overspend of £1,035,343 (Appendix A provided a forecast General Fund Summary), resulting in general balance at the year-end of £1,695,956.

There were a number of forecast year-end variations in income and expenditure against the approved budget; as detailed at paragraphs 3.3- 3.4 of the report, with the main variances provided in Appendix B to the report.

In addition, other service costs and income were subject to fluctuation during the year as the cost-of-living crisis and external economic factor impacted both directly and indirectly on households and businesses. This could lead to; an increased demand for council services, as the more vulnerable in the City looked to the Council for support; and a reduction in both income for services and collection rates as household and business incomes became under pressure.

Despite the high level of uncertainty, it was clear that the General Fund faced a significant financial shortfall for 2022/23. In response to this a range of options and mitigations were currently being explored and developed. These would focus on both short-term measures to ensure a balanced budget could be maintained for 2022/23, as well as looking at more medium-term options to ensure the Council's ongoing financial sustainability. These mitigations would not be without impacts on services in terms of both performance levels and the range of services the Council could continue to provide. They also brought with them their

own financial risks e.g., the depletion of reserves and increased exposure, etc. An update on these options would be presented to the Executive in due course.

Alongside the development of these options, a key strand would be to lobby Central Government for additional financial support for Local Government and to support sector campaigns/lobbying regarding sustainable funding mechanisms and medium-term financial settlements for Local Government. After a decade of austerity cuts and after cushioning the impacts of Covid19 on the Council's finances, in the absence of additional financial support from Central Government, the Council would be forced to look closely at the range and level of services it could continue to provide.

Towards Financial Sustainability Programme

The savings target included in the MTFs for 2022/23 was £1,050,000. Total savings secured and brought forward from last financial year were £716,410 leaving an in-year target of £333,590. Progress against this target, based on quarter 1 performance showed that secured savings totalled £20,180. As part of the development of options to mitigate the forecast budget shortfall, it may be necessary to increase the level of savings required in year. This would form part of a future report to the Executive.

A summary of the specific reviews that had contributed to this target were shown in Appendix K.

Housing Revenue Account

For 2022/23 the Council's Housing Revenue Account (HRA) net revenue budget was set at a £38,670 use of balances, resulting in an estimated level of general balances at the year-end of £1,063,872, after allowing for the 2021/22 outturn position.

The HRA was currently projecting a forecast overspend of £161,365 (Appendix C provided a forecast Housing Revenue Account Summary), which would decrease the General Balances to £902,507 at the end of 2022/23.

There were a number of forecast year-end variations in income and expenditure against the approved budget as outlined at paragraph 4.3 of the report, with full details of the main variances provided in Appendix D of the report.

The HRA was currently forecasting an overspend at the end of the financial year. However, the largest variance for the HRA was the current forecast underspend on Repairs and Maintenance. This was as a direct result of the issues that were currently being experienced in the Housing Repairs Services (HRS), as set out in Section 5 of the officer's report. This had led to a significant reduction in the level of repairs that were being undertaken and a consequent reduction in expenditure recharged to the HRA. This was in part offset by the large forecast deficit by HRS, as seen in the repatriation variance above, due to a reduction in rechargeable works. The HRA and HRS were working hard to address these issues, continuing to implement a range of previously agreed actions. This may result in this underspend being reduced over the remainder of the year.

In addition, other major variances were as a direct result of the inflationary pressures that the Council was facing, which the HRA was also impacted by. These included; an estimate of pay inflation, over and above the assumptions

included within the MTFS, based on the latest pay offer made by the National Employers, alongside an increase in inflation on utilities as a result of the escalating cost of gas and electricity supplies (although this was in part mitigated by reduced usage levels due to flexible working).

At this stage no additional mitigations, other than those currently being implemented in response to the issues faced by the HRS, were recommended. Strong budgetary control also remained a focus in this financial year to ensure expenditure and income were balanced within budget

Housing Repairs Service

For 2022/23 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature..

At quarter 1 HRS were forecasting a deficit of £550,765 in 2022/23 as detailed within the forecast HRS summary at Appendix E, with full details of the main variances provided in Appendix F of the report.

The main contributory factor for this deficit was still the ongoing impact of Covid19 and the inability to recruit to the workforce, and the resulting increased use of sub-contractors. The cost of subcontractors was more expensive than the HRS's own workforce, due to the ongoing impact of Covid19, the current inflationary crisis and a reduced pool of contractors from which to secure services. These additional costs were therefore not fully offset by the vacancy and material savings achieved by not carrying out the work internally. Furthermore, the increased subcontractor costs were not reflected in the service hourly rate and resulted in an under recovery of costs from the HRA, coupled with a reduction in jobs being carried out and the ability to recoup overhead costs.

The forecast deficit also includes an estimate of pay inflation, over and above the assumptions included within the MTFS, based on the latest pay offer made by the National Employers, alongside an increase in inflation on utilities as a result of the escalating cost of gas and electricity supplies.

It should be noted that due to the interconnection of the HRS and HRA, the consequential costs in the HRA were also greatly reduced (as noted earlier in the report) and therefore financial picture for the Directorate was not unhealthy.

General Fund Investment Programme

The original General Investment Programme for 2022/23 in the MTFS 2022-27 amounted to £19.407m which was increased to £30.913m following quarter 4 approvals and year end re-profiles from 2021/22. At quarter 1 the programme had been increased by £1.429m to £32.342m.

Financial changes delegated to the Chief Finance Officer for the first quarter 2022/2023, together with those requiring Executive approval were detailed at paragraphs 7.3-7.4 of the report.

The overall spending on the General Investment Programme for the first quarter of 2022/23 was £1.68m, which was 2.65% of the 2022/23 active programme (excluding externally delivered schemes), as detailed further at Appendix J of the report

Although this was a low percentage of expenditure at this stage of the financial year, further expenditure was expected in quarter 2 on Disabled Facilities Grants, Town's Deal Schemes and various capitalised maintenance schemes. At 31st July, a further £0.27m had been spent on the active programme

Housing Investment Programme

The original Housing Investment Programme for 2022/23 in the MTF5 2022-27 amounted to £21.72m. This was increased to £23.17m following approvals and year end re-profiles as part of the 2021/22 outturn. This has been further adjusted to £23.25m during the first quarter of 2022/23.

There were no financial changes delegated to the Chief Finance Officer for approval for the first quarter 2022/2023; those requiring Executive approval were detailed at paragraphs 7.10-7.12 of the officer's report.

Expenditure against the HIP budget to the first quarter was £1.37m, which was 5.88% of the revised programme. A further £0.67m had been spent as at the end of July 2022 as detailed further at Appendix L of the report.

Although this was a lower percentage than would be expected at this stage of the financial year, works had been constrained by the availability of contractors and materials however new contracts were in place and spend was expected to increase in future periods.

36. CCTV Code of Practice Update

Purpose of Report

To share the revised CCTV Code of Practice with the Executive, seeking its formal adoption.

Decision

1. That members adopt the revised Code of Practice.
2. That the Code of Practice be reviewed again in response to any changes made by the Data Protection and Digital Information Bill if/when it became law.

Alternative Options Considered and Rejected

The Council was required to have a clear policy for the operation of its CCTV system.

By not adopting the new Code the Council would be at risk of challenge relating to operating to an out of date Code, and the Code would not properly reflect operational changes and legislative changes which had already been delivered in practice.

Reason for Decision

The Council's CCTV service was bound by various legislative requirements, including the Data Protection Act, Human Rights Act, Protection of Freedoms Act and Regulation of Investigatory Powers Act.

The Council's CCTV service operated under a Code of Practice which brought together the various legislative requirements of a public CCTV system and ensured that the service operated lawfully and appropriately, providing a robust, reliable, trustworthy service.

This revision took into account operational and legislative changes since the last full review in 2014, ensuring compliance with the Surveillance Camera Commissioner's (SCC) Code and all relevant legislation. Members, residents of Lincoln and visitors to the City could therefore be assured that the service was operating appropriately, efficiently and in a manner that maximised opportunities to help detect and reduce crime, and to make Lincoln a safer place, whilst protecting the privacy of individuals.

At the time of drafting this report, the Data Protection and Digital Information Bill was making its way through parliament. If this bill became law there were implications for CCTV, including changes to the role of Surveillance Camera Commissioner. The Code of Practice would be reviewed again in light of those changes.

37. Exclusion of the Press and Public

RESOLVED that the press and public be excluded from the meeting during consideration of the following items of business because it was likely that if members of the public were present there would be a disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

38. Bulky Items Collections

Purpose of Report

As detailed in the exempt report to the Executive.

Decision

That the recommendations to the Executive, as set out in the exempt report, be approved.

Alternative Options Considered and Rejected

As detailed in the exempt report to the Executive.

Reasons for the Decision

As detailed in the exempt report to the Executive.

39. Disposal of Unused Land for Provision of Supported Accommodation

Purpose of Report

As detailed in the exempt report to the Executive.

Decision

That the recommendations to the Executive, as set out in the exempt report, be approved.

Alternative Options Considered and Rejected

As detailed in the exempt report to the Executive.

Reasons for the Decision

As detailed in the exempt report to the Executive.