

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

Apologies for Absence: None.

63. Confirmation of Minutes - 28 October 2019

RESOLVED that the minutes of the meeting held on 28 October 2019 be confirmed.

64. Declarations of Interest

No declarations of interest were received.

65. Operational Performance Report - Quarterly Review

Purpose of Report

To provide the Executive with a summary of the operational performance position for quarter two of the financial year 2019/20.

Decision

That the Executive:

- (1) Notes the content of the report.
- (2) Requests that relevant Portfolio Holders ensure management has a local focus on those highlighted areas showing deteriorating performance.

Alternative Options Considered and Rejected

None.

Reason for Decision

The following updates regarding each of the Council's Directorates were reported, as follows:

- Chief Executive's Directorate – 65% of measures were above their target and 18% of measures were below target. Whilst some measures negatively changed in direction, the majority of these measures still remained above or within target, and had positively changed direction.
- Communities and Environment Directorate – 48% of measures were above their target and 5% of measures were below target. Whilst ten measures negatively changed in direction, most of these measures still remained above or within target;
- Housing and Investment Directorate – 49% of measures were above their target and 23% of measures were below target. Whilst seven measures negatively changed in direction, 12 others remained at or above target.

With regard to sickness performance, the overall sickness data as at the end of quarter two was 4.9 days per full time equivalent post, excluding apprentices. This was only slightly higher than the 4.83 days per full time equivalent post in quarter two of 2018/19. During quarter two, the long term sickness per full time equivalent stood at 2.81 days, slightly better than the 2.99 days in quarter two in 2018/19, with short term sickness standing at 2.09 days, which was 0.24 days for full time equivalent post higher than the same point last year.

In quarter two 80 complaints, five less than quarter one were received by the Council. The cumulative average time across all directorates to respond to formal complaints was 6.8 days and equated to an increase of 0.1 days compared to quarter one. In quarter two the Council had one Local Government Ombudsman case decided, which was not upheld.

There had been a number of achievements during quarter one as follows:

- The Lincoln Social Responsibility Charter celebrated one year of recognising star employers in Lincoln, with 61 socially responsible organisations signed up.
- Over 300 people had been supported through the Homeless Intervention team.

66. Financial Performance - Quarterly Monitoring

Purpose of Report

To present the second quarter's performance on the Council's General Fund, Housing Revenue Account, Housing Repairs Service and Capital Programme.

Decision

That the Executive:

- (1) Notes the progress on the financial performance for the period 1 April 2019 to 30 September 2019 and the projected outturns for 2019/20.
- (2) Notes the underlying impact of the pressures and underspends identified in paragraphs 3.2, 4.2 and 5.2 of the report, as set out in Appendices B, D and F respectively.
- (3) Approves the changes to the General Investment Programme and Housing Investment Programme as detailed in paragraphs 7.4, 7.5, 7.11 and 7.12 of the report.
- (4) Approves the proposed contributions to and from reserves.

Alternative Options Considered and Rejected

None.

Reason for Decision

Updates were reported as follows:

General Fund Revenue Account

For 2019/20 the Council's net General Fund revenue budget was set at £13,655,090, including a planned contribution from balances of £554,410, resulting in an estimated level of general balances at the year-end of £2,452,134.

The General Fund summary was currently projecting a forecast overspend of £86,698, as set out in Appendix A of the report. This forecast variance was the result of a number of forecast year-end variations in income and expenditure against the approved budget. Full details of the main variances were provided in Appendix B of the report while the key variances were noted as follows:

- Housing Benefit overpayment reduction income - £368,000;
- Houses in Multiple Occupation reduced income - £74,260;
- Interest Payable reduced expenditure - £200,000
- Crematorium additional income - £125,990
- Car parking income - £119,000

The most significant of the forecast variations was the reduction in the level of housing benefit overpayment being raised. Whilst this was positive in that the number of overpayments were reducing, this in turn created a budgetary pressure. This was a continuation of a trend from 2017/18 and 2018/19 with the transition of benefits customers to Universal Credit and the use of 'real time' information which meant that the level of overpayments raised had drastically reduced. The budget pressure was as a result of the consequential reduced income from reclaiming the overpayment from the claimant and would require a budget realignment as part of the Medium Term Financial Strategy.

Although forecast outturn for the General Fund was a shortfall of £86,698, at this stage in the financial year forecast outturns were difficult to predict and often subject to volatility. This would continue to be monitored, with a further report to the Executive on this issue as part of the quarter three update report.

Further to additional contributions from reserves there were also a number of contributions from earmarked reserves that were required, subject to outturn, as set out in paragraph 3.5 of the report.

Towards Financial Sustainability Programme

The savings target included in the Medium Term Financial Strategy for 2019/20 was £4,650,000. Progress against this target, based on quarter two performance, showed that secured and confident projections totalled £4,631,710, which resulted in a current forecast under achievement of the target in 2019/20 of £18,290. Work was currently underway through the Towards Financial Sustainability Programme Board to progress a further phase of year six projects, with a summary of the current position illustrated in paragraph 3.7 of the report.

Fees and Charges Income

Income from fees and charges represented a significant proportion of income to the Council, with primary sources being from car parking, development management and building regulations. A summary of the progress of these key income streams against the approved budget, together with the actual variance for the second quarter of the financial year, was provided at paragraph 3.8 of the report.

Housing Revenue Account

For 2019/20 the Council's Housing Revenue Account net revenue budget was set at £52,040, resulting in an estimated level of general balances at the year-end of £1,075,141.

The Housing Revenue Account was currently projecting an in-year underspend of £610. This forecast variance was the result of a number of forecast year-end variations in income and expenditure against the approved budget.

Full details of the main variances were provided at Appendix D of the report whilst the key variances were summarised below:

- Staff Vacancies – Reduced Expenditure of £202,000;
- Increased Repairs Costs (Offset from HRS Surplus) £234,000
- Council Tax – Increased Expenditure £67,000
- Increased Depreciation re Revaluations £328,000
- Increased Interest Payable on Borrowings £73,000
- Decreased DRF Contribution £392,000
- HRS Surplus – Additional Income £200,000

Housing Repairs Service

For 2019/20 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature.

At quarter two the Housing Repairs Service was forecasting a surplus of £200,000 in 2019/20, with a summary and details of main variances set out in Appendices E and F respectively.

General Fund Investment Programme

The last quarterly report approved a General Fund Investment Programme for 2019/20 of £14,977,453. Movements in the programme during the second quarter had decreased overall planned expenditure in 2019/20 to £14,755,906. A summary of overall changes to the programme was set out in paragraph 7.2 of the report.

There were no changes that required Executive approval for quarter 2.

New projects recommended by the Capital Programme Group were subject to Executive approval, as follows:

- Broadgate Car Park asbestos removal and Dryrise Works - £20,000
- City Hall Toilet Improvements - £10,838
- Bridge works in West Common - £8,000
- Michaelgate Structural Works - £10,000
- Yarborough Leisure Centre Teaching Pool Pipeworks - £17,300
- Hartsholme Park Drainage Improvements

The overall spending on the General Fund Investment Programme for the second quarter was £8.57 million, which was 58.09% of the 2019/20 programme and

61.93% of the active programme and was detailed further at Appendix J of the report.

Housing Investment Programme

The last quarterly report approved a Housing Investment Programme for 19/20 of £19,123,929. Movements in the programme since had increased overall planned expenditure in 2019/20 to £20,629,324. A summary of the changes were shown at paragraph 7.9 of the report.

The changes that required approval from Executive were detailed at Appendix K of the report and summarised as follows:

- Movements back to available resources from;
 - Over bath showers 19/20 £433,656
 - Thermal Comfort Works 19/20 £129,297
 - Rewiring 19/20 £130,000
 - Wall structural repairs 19/20 £20,000
 - Decent Homes Decoration Allowances 19/20 £13,638
 - Canopy and Porches 19/20 £14,548
- Movements from available resources into
 - Hermit Street regeneration 19/20 £18,725
 - Fire Alarms 19/20 £40,000

Expenditure against the Housing Investment Programme budget during the first 2 quarters was £4.83 million, which was 23.16% of the programme, the expenditure was detailed further at Appendix L to the report.

Although this would appear to be low at this stage of the financial year, the following points should be considered:

- An element of the programme in 2019/20 was the De Wint new build scheme and Markham House, construction was yet to commence.
- 11 property acquisitions were yet to complete.

67. Treasury Management and Prudential Code Update Report - Half Year Ended 30 September 2019

Purpose of Report

To provide the Executive with an update on the Council's treasury management activity and the actual prudential indicators for the period 1 April 2019 to 30 September 2019.

Decision

That the Executive notes the report.

Alternative Options Considered and Rejected

None.

Reason for Decision

The Council held £35.9 million of investments at 30 September 2019, the investment profile relating to which was attached to the report at Appendix A. Of this investment portfolio 100% was held in low risk specified investments, the requirement for the year being a minimum of 25% of the portfolio to be specified investments.

In terms of liquidity, the Council sought to maintain liquid short-term deposits of at least £5 million available with a week's notice. The weighted average life of investments for the year was expected to be 128 days. At 30 September 2019 the Council held liquid short-term deposits of £16.9 million and the weighted average life of the investment portfolio was 81 days. The decrease in the weighted average life of the investment profile was due to a larger proportion of the portfolio being placed in shorter term investments.

With regard to security, the Council's maximum security risk benchmark for the portfolio as at 30 September 2019 was 0.012% which equated to a potential loss of £0.0043 million on an investment portfolio of £35.9 million. This was slightly higher than the budgeted maximum risk of 0.005% in the Treasury Management Strategy which represented a very low risk investment portfolio.

In respect of yield, the Council achieved an average return of 0.85% on its investment portfolio for the six months ended 30 September 2019 which compared favourably with the target 7 day average LIBID of 0.57% and was on par with the budgeted yield of 0.85% for 2019/20 in the Medium Term Financial Strategy 2019-24.

As at 30 September 2019 the Council held £123.25 million of external borrowing, of which 100% was fixed rate loans.

As at 30 September 2019, the average rate of interest paid during quarters 1 and 2 on external borrowing was 3.6%. This was slightly lower than the budgeted rate set in the Medium Term Financial Strategy 2019-24; there had been an increase in external borrowing during the first 6 months of the year to reschedule short term borrowing to long term and take advantage of low rates available.

Details relating to prudential indicators in terms of the Council's capital expenditure plans, how these plans were financed, the impact of changes in these plans on the prudential indicators and the underlying need to borrow and compliance with the limits in place for borrowing were set out in paragraph 4 of the report.

68. Strategic Risk Register - Quarterly Review

Purpose of Report

To provide the Executive with a status report of the revised Strategic Risk Register as at the end of the second quarter 2019/20.

Decision

That the Executive note the Strategic Risk Register as at the end of the second quarter 19/20.

Alternative Options Considered and Rejected

None.

Reason for Decision

Since the previous report to the Executive on the Strategic Risk Register, the document had been reviewed and updated by the Corporate Leadership Team and had identified that there had been some positive movement in the Risk Register.

A number of control actions have now been progressed or completed and the key movements are outlined as follows:

- Risk 1. Failure to engage & influence effectively the Council's strategic partners, council staff and all stakeholders to deliver against the Council's Vision 2020/2025 - Vision 2025 was being developed, evidence based gathered, key priority areas emerging and work was progressing with CLT and Portfolio Holders. All member briefings scheduled to be held in November 19, followed by staff, business and residents consultation
- Risk 4. To ensure compliance with statutory duties and appropriate governance arrangements were in place – Executive approval of investment in a new IT infrastructure had been secured with implementation to be completed by December 2019.
- Risk 6. Unable to meet the emerging changes required in the Council's culture, behavior and skills to support the delivery of the council's Vision 2025 and the transformational journey to one Council approach – One Council launched with Service Managers. Project Boards with ToR's and work programme for four pillars established.
- Risk 7. Insufficient levels of resilience and capacity to deliver key strategic projects and services – development of Vision 2025 would focus on ensuring sufficient capacity existed to deliver legacy and new schemes. A new approval process incorporating Portfolio Holders was being developed to allow for resources to be flexed as and when new priorities/projects emerged.
- Risk 8. Decline in the economic prosperity within the City Centre – the Council had been successful in securing approval for a Heritage Action Zone Bid, work had now commenced on development of the detailed scheme. In addition the Council had been awarded Towns Fund Capacity funding to support the development of a Town Deal Board and Investment Plan. GLLEP Pipeline Funding Bids had been submitted for City Centre vibrancy schemes.
- Risk 9. Failure to mitigate against the implications for the Council following the outcome of Brexit – Nominated Brexit Officer in place, internal working group continued to implement actions in relation to regulatory services, staffing, communications, business continuity, community leadership etc.

Whilst positive progress had been made in relation to control actions, and these continued to be implemented and risks managed accordingly, this had not

resulted in any changes to the assessed levels of likelihood and impacts. The levels of assessed risks were summarised in paragraph 3.4 of the report.

69. 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.

This item was considered in private as it was likely to disclose exempt information, as defined in Schedule 12A of the Local Government Act 1972. No representations had been received in relation to the proposal to consider this item in private.

70. Strategic Risk Register - Quarterly Review

The minute associated with this item was set out in item 68 above.

Decision

That the recommendation contained within the report be approved.

71. Write Outs/Irrecoverable Debts

Purpose of Report

To seek approval from the Executive to write out debts deemed as irrecoverable.

Decision

That the write outs as set out in Appendices A, B and C be approved.

Alternation Options Considered and Rejected

None.

Reasons for Decision

The report outlined a number of cases that were deemed to be irrecoverable for various reasons, as shown in the report. All cases would have been through a recovery process and had reached a point where further recovery was not considered appropriate.

72. Lincoln Crematorium - Proposed Renovation Scheme

Purpose of Report

Further to the previous report to Executive on 11 March 2019, to seek approval to commence renovation works on the Crematorium.

Decision

That the recommendation contained within the report be approved.

Alternative Options Considered and Rejected

None.

Reason for Decision

The reasons associated with the Executive's decision on this item were set out in the report.

73. Housing Solutions Management of Change

Purpose of Report

To seek approval to implement the proposed structure following the review of the Housing Solutions Team.

Decision

That the recommendation contained within the report be approved.

Alternative Options Considered and Rejected

None.

Reason for Decision

The reasons associated with the Executive's decision on this item were set out in the report.

An extract of the minutes from the meeting of the City of Lincoln Council and Employee Joint Consultative Committee held on 5 November 2019 was appended to the report, which recommended approval of the recommendations contained within the report.