

Present: Councillor Ric Metcalfe (*in the Chair*),
Councillor Donald Nannestad, Councillor Sue Burke,
Councillor Bob Bushell, Councillor Rebecca Longbottom
and Councillor Naomi Tweddle

Apologies for Absence: None.

49. Confirmation of Minutes - 16 October 2023

RESOLVED that the minutes of the meeting held on 16 October 2023 be confirmed and signed by the Chair as a true record.

50. Declarations of Interest

No declarations of interest were received.

51. Housing Revenue Account Business Plan 2024/54

Purpose of Report

To present Executive with the long-term Housing Revenue Account (HRA) Business Plan for 2024/2054 which introduced the 30-year business plan that set out the Council's intentions for what we wanted to achieve over that period.

Executive was asked to approve the contents of the HRA Business Plan for 2024/2054 and the strategic workstreams that were included in the plan (considered by Housing Scrutiny Sub Committee on 2 November 2023.)

Decision

That the HRA 30 Year Business Plan be approved.

Alternative Options Considered and Rejected

None.

Reason for Decision

Lincoln was a successful city and demand for housing was expected to grow over the life of this business plan. The Council maintained 7,800 homes which represented approximately 20% of the city's total number of domestic homes, and also managed and maintained 1,235 council garages.

All Councils with 200 or more council houses were required to hold a Housing Revenue Account.

Extensive consultation had taken place in collaboration with Lincoln Tenants Panel, Tenants and five member workshops held.

The HRA covered revenue income and expenditure relating to the Council's own housing stock. It was an account ring-fenced from the Council's general fund as

required by the Local Government Act 1989, which specified the items that could be charged and credited to it.

The Council must include all costs and income relating to the Council's landlord role (except in respect of leased accommodation, for households owed a homeless duty, and in respect of accommodation provided other than under Housing Act powers).

The Council had a legal duty to ensure the account remained solvent and to review the account throughout the year.

The HRA Business Plan set out the income and expenditure plans for the delivery of council housing in Lincoln. The Plan and associated budgets would be reviewed and monitored annually. A five-year business plan was reviewed and approved in February 2023. However, it was apparent that a number of strategic workstreams that needed to be included in the plan (i.e. Additional Homes, Decarbonisation, Estate Regeneration) could not be planned for or delivered within a five year timeframe, so the decision was taken to develop a new long-term (30-year) business plan that would allow sufficient time and investment to deliver these long-term goals.

The Housing Revenue Account invested over £30million in Lincoln's economy each year, with much of this spend going to local businesses and residents. These partnerships with local businesses helped to support the growth of a vibrant and resilient economy in the city

The business plan contained proposals to maintain and improve approximately 7,800 homes, whilst also regenerating neighbourhoods and delivering much needed new and refurbished additional homes.

The provision of good quality housing was a fundamental human need. Providing quality accommodation would improve the quality of life for thousands of people across the city and deprivation and inequality would be minimised.

We were working to make our council housing as energy efficient as possible, also using the HRA to drive down our carbon footprint.

Failure for the HRA Business Plan to be approved by Executive would have a detrimental impact on the delivery of housing services in Lincoln.

52. Repairs Policy Update

Purpose of Report

To detail the changes and updates made to the Repairs Policy since its previous review in 2017.

Decision

1. That the Repairs Policy be approved and briefing sessions for customer services and housing staff be undertaken to ensure understanding and consistent application.
2. That the Council website be updated with access to the policy for our customers.

Alternative Options Considered and Rejected

None.

Reason for Decision

The Repairs Policy had been reviewed and updated by the Housing Repair Service (HRS), the Investment Team, and in consultation with the Lincoln Tenant's Panel.

The policy now referred to scheduled repairs where appropriate, and the repair responsibilities for both the City of Lincoln Council and Tenants had been updated.

The Repairs Policy aimed to identify within the provision of the Housing Act 1985 (amended) the tenants right to repair and identify the repairs that the City of Lincoln Council were responsible for, and those which tenants were responsible for within the terms and conditions of their tenancy agreement.

The policy also looked to provide key information on service delivery, information on services provided by City of Lincoln Council, and how to report a repair.

The key areas for clarification related to fencing, specifically our guidance on replacements and the tenants responsibility for maintaining installed fencing. Other key alterations included responsibility for ventilation to the property to be maintained and cleaning/clearing of air vents by our tenants.

53. Quarter 2 - 2023-24 Operational Performance Report

Purpose of the Report

To present an outturn summary of the Council's operational performance in quarter two of 2023/24.

Decision

1. That the achievements and challenges identified in the Quarter 2 2023/24 operational performance report be noted.
2. It be confirmed that the format of the performance report continued to meet requirements.

Alternative Options Considered and Rejected

None were considered.

Reasons for the Decision

Regular monitoring of the council's performance was a key component of the Local Performance Management Framework. This report covered the key strategic performance measures identified by members and Corporate Management Team (CMT) as of strategic importance.

The outturn summary report detailed performance against a total of 79 measures across the directorates Chief Executive's, Communities and Environment and Housing and Investment. In total 62 performance measures out of the 79 were monitored against targets, of which 12 were below target; 23 were within target boundaries; 27 had met or exceeded a higher target; 17 measures were recorded as volumetric and there were no measures recorded as data not available for this quarter.

Out of the 79 performance measures monitored during the quarter with 62 targets allocated to them, 50 (80.6%) were within or exceeding the targets set. This was an improvement of 8.9% when compared to quarter 1 2023/24.

A further 17 measures were volumetric and provided context to overall service delivery. Commentaries on each measure were detailed in the report.

The Quarter 2 2023/24 Operational Performance Report reported at Appendix A to the officer's report detailed those targeted measures with performance above or below target by directorate at the end of the second quarter of 2023/24, and the reasonings behind the performance outturns.

In addition to the directorate performance measures, the report also detailed the performance outturns for corporate performance measures. These measures focussed on areas of resources, health & wellbeing, sickness, complaints (including Ombudsman rulings) and compliments.

To support the full operational performance report, a full list of all performance measure outturns and supporting performance commentary was provided at Appendix B, together with those performance measures performing within target boundary at the end of the quarter (acceptable performance) and the outturns for all performance measures recorded as volumetric (untargeted)

54. Financial Performance - Quarterly Monitoring

Purpose of Report

To present the second quarter's performance (up to 30 September 2023) 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 2023 to 30 September 2023 and the projected outturns for 2023/24 be noted.
2. That the underlying impact of the pressures and underspends identified in paragraphs 3.3 (and Appendix B), 4.3 (and Appendix D), and 5.2 (and Appendix F) of the officer's report be noted.
3. That the changes to the General Investment Programme and Housing Investment Programme as approved by the Chief Finance Officer detailed in paragraphs 7.5 and 7.12 of the officer's report be noted.

4. That the changes to the General Investment Programme and Housing Investment Programme, as detailed in paragraphs 7.4, 7.10 and 7.11 of the officer's report, be approved.

Alternative Options Considered and Rejected

None.

Reason for Decision

Financial Procedure Rules required members to receive, on a quarterly basis, a report prepared jointly by the Chief Finance Officer and Corporate Management Team commenting on financial performance to date. This report was designed to meet this requirement.

Whilst there were still a number of variables which were subject to a level of uncertainty, based on the latest set of assumptions as at the end of the second quarter (up to 30th September 2023), the forecast financial position of the Council for 2023/24 was detailed at paragraph 2.2 of the officer's report, together with the detailed financial position shown in sections 3-7 and the accompanying appendices.

Updates were reported as follows:

General Fund Revenue Account

For 2023/24 the Council's net General Fund revenue budget was set at £14,402,660 which included a planned contribution from balances of £191,110 resulting in an estimated level of general balances at the year-end of £2,228,739 (after allowing for the 2022/23 outturn position).

The General Fund Summary was currently projecting a forecast underspend of £117,659 (Appendix A provided a forecast General Fund Summary) resulting in general balances at the year-end of £2,346,398. This position maintained balances above the prudent minimum of c.£1.5-2m.

There were a number of forecast year-end variations in income and expenditure against the approved budget, as detailed at paragraphs 3.3-3.5 of the report, with the main variances provided in Appendix B to the report.

Whilst the level of uncertainty around inflation pressures was significantly reduced this year due to actions taken in the latest Medium Term Financial Strategy (MTFS), there still remained uncertainty in terms of service demands and income forecasts. At quarter two, the potential for further variances during the year remained high, and as such the final outturn position for the year was still subject to further change. At this stage though, there were no further mitigations recommended, however, as always, there would continue to be a need for strong budgetary control in this financial year to ensure expenditure and income remained balanced within the budget.

Towards Financial Sustainability Programme

The savings target included in the MTFS for 2023/24 was £185,210.

Progress against this target, based on quarter 2 performance, showed that secured savings totalled £115,510 for the General Fund, with a further £69,700 identified, which achieved the in-year target in full.

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

Housing Revenue Account

For 2023/24 the Council's Housing Revenue Account (HRA) net revenue budget was set with a planned contribution from balances of £58,930, resulting in an estimated level of general balances at the year-end of £1,125,517, after allowing for the 2022/23 outturn position.

The HRA was currently projecting a forecast overspend of £28,999 which would result in HRA balances of £1,154,516 at the end of 2023/24. (Appendix C provided a forecast Housing Revenue Account Summary). This position maintained balances above the prudent minimum of circa £1m.

Although the forecast position was an underspend, there were a number of significant variations in income and expenditure against the approved budget as outlined at paragraph 4.3-4.5 of the report, with full details of the main variances provided in Appendix D of the report.

As detailed throughout this report, there still remained a number of variables in the forecast assumptions, and as such the final outturn position for the year was still subject to further change. At this stage no additional mitigations, other than those currently being implemented in response to the issues faced by the Housing Repairs Service (HRS) and in response to void levels, were recommended. Strong budgetary control should continue to be a focus in this financial year to ensure expenditure and income remained balanced within budget.

Housing Repairs Service

For 2023/24 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature.

At quarter 2 the HRS was forecasting a deficit of £761,406 in 2023/24 as detailed within the forecast HRS summary at Appendix E, with full details of the main variances provided in Appendix F, together with a summary of the key variances provided at paragraph 5.2 of the officer's report.

The main contributory factor for this deficit was the ongoing recruitment and retention challenges, which were being felt not just by the council but across the construction industry as a whole. This inability to attract and retain staff resulted in a greater reliance on the use of sub-contractors to ensure that service demands were met. The cost of using sub-contractors was however 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 savings achieved by not carrying out the work internally.

As the increased sub-contractor costs were not reflected in the service hourly rate and overhead recovery was not recouped on sub-contractors, this resulted in an under recovery of full costs from the HRA.

Whilst last year high vacancy levels, and the use of sub-contractors rather than our own workforce, resulted in an underspend on materials for the Council, this year higher than anticipated inflation levels, an industry wide issue, and an expected increase in repair jobs had resulted in an overspend on materials further compounding the HRS forecast position.

The forecast deficit also included the impact of the national pay award announced in November 2023, which was significantly over and above the assumptions included within the MTFS, as outlined in both the General Fund and HRA variances.

It should be noted that due to the interconnection of the HRS and HRA, the consequential costs in the HRA were ordinarily reduced, and therefore offset any repatriated deficit. However due to the increased usage of more expensive sub-contractors and materials, and an increased volume of works, this was not the case this financial year as detailed above, and there was a significant additional cost for repairs and maintenance of the housing stock being incurred by the HRA. This additional cost was being offset against the overall HRA position.

Earmarked Reserves

The Council held a number of earmarked revenue reserves over both the General Fund and HRA. These reserves were sums set aside for specific purposes and to mitigate against potential future known or predicted liabilities. Key reserves included income volatility, business rates volatility, IT investment fund, asset sinking funds for future refurbishment etc. A number of these reserves were budgeted for use over the period of the MTFS.

The details of all the earmarked reserves and their forecast balance as at 31 March 2024 were attached at Appendix G, and summarised at paragraph 6.2 of the officer's report, with further details in the MTFS 2023-2028.

General Fund Investment Programme

The revised General Investment Programme (GIP) for 2023/24 amounted to £24.688m following the quarter 1 report. At quarter 2 the programme had increased by £0.096m to £24,784m, as detailed at paragraph 7.2 of the officer's report.

There were no changes over the approved limit which required approval by the Executive for the second quarter.

New projects added to the GIP, which required Executive approval were detailed at paragraph 7.4 of the officer's report.

The financial changes delegated to the Chief Finance Officer for approval for the second quarter 2023/2024 were detailed at paragraph 7.5, with a summary of the projected outturn position provided at paragraph 7.6 of the officer's report.

The overall spend on the General Investment Programme active schemes for the second quarter of 2023/24 was £4.4m, which was 22.6% of the 2022/23 budget

(excluding externally delivered schemes), as detailed further at Appendix I of the report.

Although this was a low percentage of expenditure at this stage of the financial year, further expenditure was expected in the next 6 months on Better Care Fund (DFG's), Western Growth Corridor, Greyfriars, Central Market and Town's Deal Schemes.

Housing Investment Programme

The revised Housing Investment Programme (HIP) for 2023/24 amounted to £17.969m following the quarter 1 position. At quarter 2 the programme had been decreased by £1.107m to £16.862m, as detailed within paragraph 7.9 of the officer's report.

All changes over the approved limit required approval by the Executive. There had been a number of changes made to the HIP as part of the ongoing work on the 30-year business plan to align the budgets to reflect planned acquisitions and scheduled works on the existing housing stock for the length of the MTFS. The financial changes over the approved limit which required Executive approval for the second quarter 2023/2024 were detailed at paragraph 7.10 of the officer's report.

All new projects were subject to Executive approval. There had been one new project to be funded from the Major Repairs Reserve which required approval during quarter 2 as detailed at paragraph 7.11 of the officers report.

The financial changes delegated to the Chief Finance Officer for approval as set out under Financial Procedure Rules for the second quarter 2023/2024 were detailed at paragraph 7.12 and a summary of the projected outturn position for the Housing Investment Programme at paragraph 7.13 of the officer's report.

The overall expenditure on the Housing Investment Programme at the end of quarter 2 of 2023/24 was £4.205m, which was 24.94% of the 2023/24 revised programme. This was detailed further at Appendix J.

A further £0.649m had been spent as at the end of October 2023. Although this was still a low percentage of expenditure 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. In addition, schemes such as Hermit Street and Western Growth Corridor had only recently commenced and a number of the LAHF acquisitions were currently in progress but not yet completed.

55. Statement of Accounts 2022/23

Purpose of Report

To present for information the final Statement of Accounts for the financial year ended 31 March 2023, following substantial completion of the audit opinion.

Decision

That following scrutiny of the statement of accounts for the financial year ended on 31 March 2023, the Statement of Accounts be recommended to Council on 28 November 2023 for approval.

Alternative Options Considered and Rejected

None.

Reasons for the Decision

The Statement of Accounts for 2022/23 provided a comprehensive picture of the Council's financial circumstances and had been compiled to demonstrate probity and stewardship of public funds.

The Council was statutorily required to publish its draft Statement of Accounts for 2022/23 by 31 May 2023 with an audit opinion and certificate by no later than 30 September 2023.

The Statement of Accounts for 2022/23 were still subject to verification by External Audit. The audit of the accounts was being finalised by Mazars, who commenced the audit in July 2023. The majority of the audit work had now been completed by Mazars, however, should any changes be necessary as a result of this final external work, these would be reported to the Chair of the Audit Committee with any material changes notified to the Audit Committee.

The Council made the statement of accounts available for public inspection for the required ten working days, between 1 June until 15 June 2023, during which time, the external auditor was available to answer questions, although none were received.

The Audit Completion Report also stated that there were no significant findings or recommendations in relation to internal controls during the completion of the audit work.

The Council was also required to provide a documental annual review of the effectiveness of its governance arrangements (Annual Governance Statement (AGS)), which sat alongside the Statement of Accounts; the overall level of assurance provided in 2022/23 was substantial (green) and was in line with the Council's Code of Corporate Governance.

Substantial progress had been made against the significant issue in relation to the IT Disaster Recovery Plan, that was included in the previous year's AGS, to the extent that the issue was no longer a significant governance issue. There were no new significant governance issues that were identified for inclusion in the 2022/23 Statement of Accounts.

56. Treasury Management and Prudential Code Update - Mid-Year Report - Sept 2023

Purpose of Report

To report the Council's treasury management activity and the actual prudential indicators for the period 1 April 2023 to 30 September 2023, in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.

Decision

That the Prudential and Local Indicators and the actual performance against the Treasury Management Strategy 2023/24 for the half-year ended 30 September 2023 be noted.

Alternative Options Considered and Rejected

None.

Reason for Decision

The prudential system for capital expenditure was well established. One of the requirements of the Prudential Code was to ensure adequate monitoring of the capital expenditure plans, prudential indicators (PIs) and treasury management response to these plans. The report fulfilled that requirement and included a review of compliance with Treasury and Prudential Limits and the Prudential Indicators at 30th September 2023. The Treasury Management Strategy and Prudential Indicators were previously reported to and approved by Council on 28th February 2023.

It was noted that the Council held £41.145 million of investments at 30 September 2023, with the full investment profile set out at Appendix A of the report. 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. During the six months to 30 September on average 93% of the portfolio was held in low risk specified investments and an average of 7% of the portfolio was held in non-specified investments with other local authorities.

It was noted that as at 30th September 2023, the Council held £114.353m of external borrowing, of which 100% were fixed rate loans (Appendix A referred).

As at 30th September 2023, the average rate of interest paid during the first half of the financial year on external borrowing was 3.14%. This was lower than the budgeted rate set in the MTFS 2022-27 of 4.25%. There had been a reduction in external borrowing during the first 6 months of the year as some borrowing has been repaid and internal balances used to fund expenditure.

This Council had adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operated its treasury management service in compliance with this Code and the above requirements. These required that the prime objective of treasury management activity was the effective management of risk, and that its borrowing activities were undertaken in a prudent, affordable and sustainable basis.

This report highlighted the changes to the key prudential indicators, to enable an overview of the current status of the capital expenditure plans. It incorporated any new or revised schemes previously reported to members. Changes required to the residual prudential indicators and other related treasury management issues were also included.

57. Health, Safety and Welfare Policy 2023

Purpose of Report

To present the Council's revised Health, Safety and Welfare Policy to the Executive.

Decision

That the Health, Safety and Welfare Policy June 2023 be approved.

Alternative Options Considered or Rejected

None.

Reason for Decision

The Council's Health, Safety and Welfare Policy had been reviewed and consulted upon and, subject to being approved at this meeting, would supersede the existing policy approved in July 2019.

The document was one of the essential building blocks in contributing to an effective and successful health and safety management system, comprising four sections setting out responsibilities for health and safety across the organisation and arrangements in place to manage health and safety.

The Health and Safety Welfare Policy comprised four sections:

- Section One – General Policy Statement.
- Section Two – Organisation for Health and Safety. Health and Safety
- Section Three – Arrangements for Health and Safety.
- Section Four – Monitoring and Review of the Health and Safety Policy.

Revisions to the policy were detailed within paragraphs 2.5 – 2.9 of the officer's report.

The Tree of Responsibility incorporated a colour coded system, intended to assist all individuals to identify their health and safety duties and responsibilities. It was recommended within the Policy that this colour coded system be applied to each Directorate's organisational structure chart to enable all individuals within the Council to hold clarity as to their own health duties and responsibilities.

A copy of the final draft of the Health, Safety and Welfare Policy, incorporating the proposed amendments, was appended to the report. Also appended to the report was an extract of the minutes from the meeting of the City of Lincoln Council and Employee Joint Consultative (Health, Safety and Welfare) Committee held on 3 October 2023 which recommended approval of the proposed changes.

58. HR Policy Change: Management of Change

Purpose of Report

To provide Executive with an overview of the proposed changes to the Council's Management of Change Policy, and request that the revised policy be formally approved.

Decision

That the changes to the Councils Management of Change Policy be approved.

Alternative Options Considered or Rejected

None.

Reason for Decision

Recently Human Resources (HR) had reviewed the Management of Change Policy in conjunction with Trade Unions A summary of the proposed changes was detailed at paragraph 3.1 of the officer's report.

The proposed changes had been discussed with Unions during local HR and Trade Union meetings, and Unions were supportive of the changes.

This Policy was also taken to Joint Consultative Council (JCC) in October 2023, where it was agreed that the proposed changes should progress to Executive for consideration/formal approval.

59. Strategic Risk Register- Quarterly Review

Purpose of Report

To provide a status report on the revised Strategic Risk Register as at the end of the second quarter 2023/24.

Decision

That the Council's strategic risks as at the end of quarter 2 2023/24, be noted.

Alternative Options Considered and Rejected

None were considered. The Strategic Risk Register contained the key strategic risks to the delivery of the Council's medium and longer term priorities. A failure to monitor the action that was being taken to manage those risks would undermine the Council's governance arrangements.

Reasons for the Decision

An update of the Strategic Risk Register developed under the risk management approach of 'risk appetite', was last presented Members in August 2023 and contained fourteen strategic risks as detailed within paragraph 3.1 of the officer's report.

Since reporting to Members in August, the Strategic Risk Register had been refreshed and updated by the Risk Owners and Corporate Management Team which had identified some positive movement in the Risk Register.

The updated register was contained with Part B of this agenda, it contained fourteen strategic risks along with details of relevant mitigations.

The fourteen risks identified were detailed within paragraph 3.1 of the officer's report.

Each risk included a number of control measures in order to avoid, seek, modify, transfer or retain the risks. These included actions already in place and further actions required with the relevant timescales for implementation. These control actions continued to be implemented and the risks managed accordingly.

Each risk was evaluated in terms of the level of assessed risk (likelihood and impact), taking into consideration any changes in control measures and the wider environment in which the Council operated. While there had been some positive movements in terms of the implementation of control measures, this had resulted in there not being any change to the assessed level or likelihood of any of the risks.

The assessed level of each of the fourteen risks was outlined at paragraph 3.4 of the officer's report.

The refreshed register would be performance monitored on a quarterly basis and reported to both Performance Scrutiny Committee and Executive.

60. Exclusion of the Press and Public

RESOLVED that the press and public be excluded from the meeting during consideration of the following item 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.

61. Strategic Risk Register - Quarterly Review

Purpose of Report

To receive the revised Strategic Risk Register as at the end of quarter 2 2023/24.

Decision

That the Council's strategic risks, as at the end of quarter 2 2023/24, be noted.

Alternative Options Considered and Rejected

None were considered. The Strategic Risk Register contained the key strategic risks to the delivery of the Council's medium and longer term priorities. A failure to monitor the action that was being taken to manage those risks would undermine the Council's governance arrangements.

Reasons for the Decision

The reasons for the decision were set out at Minute 59 above.