

SCRUTINY COMMITTEE

Minutes of the Meeting held on 15 June 2017 at 3.30 pm

Present:

Councillor P H MurphyChairman
Councillor N ThwaitesVice-Chairman

Councillor I Aldridge
Councillor G S Dowding
Councillor J Parbrook

Councillor P Pilkington
Councillor B Maitland-Walker
Councillor R Woods

Members in Attendance:

Councillor M Chilcott
Councillor A Hadley

Councillor M Dewdney
Councillor A Trollope-Bellew

Officers in Attendance:

Assistant Director - Resources and Support (P Carter)
Assistant Director - Corporate Services (R Sealy)
Finance Manager (J Nacey)
Democratic Services Officer - Scrutiny (M Prouse)
Democratic Services Officer (C Rendell)

SC 1 Apology for Absence

An apology was received from Councillor R Clifford.

SC 2 Minutes

(Minutes of the Meeting of the Scrutiny Committee held on 20 April 2017 –
circulated with the Agenda.)

RESOLVED that the Minutes of the Scrutiny Committee held on 20 April 2017,
with amendments, be confirmed as a correct record.

SC 3 Declarations of Interest

Members present at the meeting declared the following personal interests in
their capacity as a Member of a County, Parish or Town Council:-

Name	Minute No.	Description of Interest	Personal or Prejudicial or Disclosable Pecuniary	Action Taken
Cllr I Aldridge	All items	Williton	Personal	Spoke and voted
Cllr B Maitland-Walker	All items	Carhampton	Personal	Spoke and voted
Cllr P Murphy	All items	Watchet	Personal	Spoke and voted
Cllr J Parbrook	All items	Minehead	Personal	Spoke and voted
Cllr N Thwaites	All items	Dulverton	Personal	Spoke and voted
Cllr A Trollope-Bellew	All items	Crowcombe	Personal	Spoke
Cllr M Chilcott	All items	SCC	Personal	Spoke

SC 4 Cabinet Key Decisions and Actions

(Copy of the Cabinet Key Decisions from the meeting held on 17 May 2017, circulated at the meeting)

RESOLVED that the Cabinet Key Decisions from the meeting held on 17 May 2017, be noted.

SC 5 Cabinet Forward Plan

(Copy of the Cabinet Forward Plan published 19 May 2017, circulated at the meeting)

The Chairman noted that item FP/17/7/16 on the West Somerset Opportunity Area, would also be added to the Scrutiny Forward Plan.

RESOLVED that the Cabinet Forward Plan published on 19 May 2017, be noted.

SC 6 Chairman's Announcements

The Chairman reminded Members to send their suggested items for the Work Plan to the Scrutiny Officer.

Members of the Committee held a discussion on the future of Scrutiny and how it would run within the proposed new Council. Officers would arrange some workshops to be attended by Members from both Councils. The former Scrutiny Officer was quoted 'Members should be reassured that they would be involved at the earliest opportunity in discussions about how to design optimal governance arrangements for a new Authority'. The Leader of the Council gave an update on the timescales of when decisions would be received from Government.

SC 7 Quarter Four 2016/2017 Performance Report

The report WSC 56/17 was presented by Councillor Trollope-Bellew.

The purpose of the report was to provide Members with key performance management data up to the end of quarter four 2016/2017, to assist in monitoring the Council's performance.

The West Somerset Council Scorecard contained details of the quarter four 2016/2017 position against the Council's key corporate indicators. It was stressed that the information was correct at 31 March 2017.

There were 29 individual measures which were reported within the Corporate Scorecard. The following results were provided for an overview:-

- 17 green
- 4 amber
- 4 red
- 1 no longer required
- 3 not available

Further details were provided on the four red measures:-

- KPI5 – Average processing times for new Housing Benefit claims. This had been affected by the delayed information received from the Department of Work and Pensions (DWP). The Housing Benefit Department would have met the performance indicator level if it had not been for the DWP.
- KPI6 – Average processing times for changes in circumstances. This had improved throughout the year. The department had only just missed the target due to circumstances outside of their control. This was again affected by the delays caused by the DWP which was described under KPI5.
- HC4.5 – Disabled Facilities Grants and the average time to complete the process once the case had been allocated. This was due to long term staff absence and a renewed contractor service.
- TH2 – Skill level within the workforce. This was a difficult target to meet due to forces beyond the control of the Council and also due to the age of the population that lived within the area.

During discussion, the following points were raised:-

- The Chairman was appalled by the delay in the time it took to process customers' benefit claims, which was caused by the DWP. Other Members queried whether the DWP had been challenged on the delay. *Officers would investigate this and report back to the Committee.*
- Clarification was sought on how the figures were calculated for the averages detailed in the report on the performance indicators. *The figures were a running cumulative average and were not a result for each quarter.*
- Savings on staffing within the Benefit Department had been noticed within another report to be brought to Scrutiny. Had this contributed towards the delay in the time it took to process benefit claims? *There were a range of factors which had contributed to the delay. The DWP was one, which had started with the introduction of Universal Credit. However, there had been some staffing issues within the Benefit Department as well as issues with a computer system migration which had caused a small backlog.*
- Concern was raised on the time it took to complete work on Disabled Facilities Grants. Members were hopeful that this would be improved.
- Officers were congratulated on KPI160 and the reduction of staff sickness. However, the performance indicator set for this was deemed

to be too high and should be set to reflect the national average of 4.3 days instead of the current target of 8.86 days.

This request would be reported back to the relevant department to be revised.

- Concern was raised on TH14A, timeliness of draft minutes, and why it was no longer required.

It was believed that this was now reported at a service level rather than at corporate level. However, this could be revised and a realistic target set in respect of when minutes were produced. It was agreed that seven days was too restricted.

RESOLVED that:-

(1) The report be noted; and

(2) The comments made by the Scrutiny Committee be forwarded to the Cabinet to consider ways in which the performance of the four red measures could be improved.

SC 8 Revenue and Capital Outturn 2016/2017

The report WSC 57/17 was presented by Councillor M Chilcott.

The purpose of the report was to provide Members with details of the Council's financial outturn position for both revenue and capital budgets, together with information regarding the end of year reserve balances, for the financial year 2016/2017.

The Revenue Outturn position for 2016/2017 was a net underspend of £270,890. It was recommended that a proportion of this was allocated in 2017/2018: £100,000 to mitigate increased budget risk in respect of Business Rates and £70,000 to provide additional funds to support "invest to save" initiatives. This would leave £100,890 of the net underspend within general reserves for a contingency to cover unforeseen, unavoidable and essential costs arising in the future that could not be addressed within the annual budget.

The main variances between quarter two and the final outturn position were contributed to by ten different departments:-

- Member Services;
- Revenues and Benefits;
- Council Tax Administration;
- Building Control;
- Parking – Off Street;
- Interest and Other Income;
- Development Control;
- Housing;
- Roughmoor Depot and Enterprise Centre; and
- Other

The General Reserves position for 2016/2017 showed a closing balance of £867,776 which included a net underspend for the year. If Members approved the proposed allocations, this would be reduced to £697,776 compared to the current recommended minimum reserves balance of £600,000.

The Earmarked Reserves balance was £2,882,998 at the end of March 2017. This comprised reserves held for specific spending plans and contingencies such as allocated funds for Transformation, Business Rates volatility, specific grants and contributions committed or ring-fenced to be spent in future years.

The General Fund Capital Programme Outturn position for 2016/2017 was a net overspend of £250 against the approved Programme, with £1,666,979 spent during the year and £3,911,185 of the approved Programme planned to be spent in future years.

During discussion, the following points were raised:-

- Members queried the rules on what money could be borrowed and lent to other organisations. The Council had secured a loan to enable the Somerset Waste Partnership to purchase new fleet vehicles. Social Landlords were mentioned as one type of organisation the Council could lend money to.
The Finance Team were currently working on a protocol to be used to assess which groups would qualify to borrow money. The Council had to be careful not to show favour to any particular groups but would probably lean towards community groups and partner organisations.
- Concern was raised on what would happen to the West Somerset Hinkley money once the proposed new Council was created. And would the new creation of the new Council limit any future funds?
No. Due to the Section 106 Agreement, the Hinkley money would be ring-fenced for West Somerset and the areas stated in the agreement. The hope was that the Hinkley money would have been spent by 2018.
- Members queried the amount of money raised by the increased Business Rates from Hinkley B Power Station and the associated risks of another appeal being submitted by EDF.
Members and officers had urged the Government to request EDF and the Valuation Office to have discussions before April 2017 about the increase in the rates. These discussions had resulted in a figure of over £20,000,000 being agreed upon. However, EDF had the ability to lodge a further appeal within the next five years against its Business Rates but this would be dependent on various factors which included the outage of the power station.
- Information was also given on the amount of money required to be kept as a 'safety net' to mitigate against the risk of another appeal.
- Members congratulated officers on the ability to save money across the board and were hopeful that a proportion of the funds that were underspent could be spent on local community projects.
Officers were looking into ways to improve the budget monitoring process to help prevent such a large underspend in the future. It was confirmed that some of the savings were one offs and might not re-occur.
- The challenges faced with financial year end were acknowledged. There were other Council's that had 'real time' accounts, however, West Somerset Council was dependent upon other partner organisations and

departments to provide their accounts prior to the final accounts being calculated.

RESOLVED that the Scrutiny Committee:-

- 1) Noted the Council's reported General Fund Reserve Budget underspend of £270,890 for the financial year 2016/2017, which took into account proposed earmarked reserve transfers including budget carry forwards;
- 2) Supported a recommendation to allocate £170,000 from the 2016/2017 underspend as followed:-
 - a) £100,000 to the Business Rates Smoothing Reserve to mitigate budget risk for reductions in Business Rates funding;
 - b) £70,000 to the Sustainability Fund earmarked reserve to help fund opportunities such as "invest to save" plans to support the financial sustainability of the Council;
- 3) Supported a recommendation to Cabinet and Council to approve the net Earmarked Reserve transfers as set out in Table 4 and Appendix B of the report, which included recommended the Budget Carry Forward of 2016/2017 underspends for specific service costs in 2017/2018 which totalled £247,189.
- 4) Supported a recommendation to Cabinet and Council to approve the proposed Capital Programme Budget Carry Forwards which totalled £1,788,064 for general schemes to be funded using capital receipts, capital grant and Section 106 Agreement contributions (as set out in Appendix D of the report);
- 5) Supported a recommendation to Cabinet and Council to approve the proposed Capital Programme Budget Carry Forwards which totalled £2,123,121 for Hinkley Section 106 Agreement funded schemes (as set out in Appendix D of the report); and
- 6) Noted the residual net overspend of £250 in relation to the Capital Programme for general schemes in 2016/2017.

SC 9 Initial Medium Term Financial Plan 2018/2019

The report WSC 58/17 was presented by Councillor M Chilcott.

The purpose of the report was to present Councillors with the proposed Medium Term Financial Strategy (MTFS) for 2018/2019 onwards, including an updated set of estimates and assumptions contained with the initial draft of the Council's Medium Term Financial Plan (MTFP).

The MTFS provided the Council's plan for balancing the budget over the medium term which included the approach to managing costs and optimizing/forecasting the funding that would be available to support spending on services. The MTFP contained the financial forecasts that underpinned the strategy.

In February 2017, despite balancing the budget for 2017/2018, the Council had forecasted a budget gap of £785,000 in 2018/2019 which would rise to £1,200,000 by the 2021/2022 financial year. This was despite all the actions taken by the Council to balance the books in response to funding reductions in previous years.

Since the Council approved the 2017/2018 Budget, there had been a significant change to the Business Rates retained funding estimates. The 2017/2018 Finance Settlement, which was determined by the Government, used the first draft results of the 2017 Revaluation of Ratable Values (RV) undertaken by the Government's Valuation Office Agency (VOA). This included a huge increase from £8,000,000 to £29,480,000 in the RV for Hinkley B Power Station.

There was concern that the new RV would inevitably lead to an appeal and plans had to be set for the strong probability that it would be reduced and included a large provision for a potential refund in the 2017/2018 budget estimates. Senior Councillors and officers had lobbied the Government, VOA and EDF and sought an urgent resolution given the significant uncertainty this created in the Council's financial planning.

In March 2017, the VOA had announced an updated 2017 RV for Hinkley B, which had been agreed between the VOA and EDF. This was £20,720,000. At the same time, the 2010 RV was increased from £8,000,000 to £9,680,000. Although the agreed RV of £20,720,000 was lower than the draft RV, it was higher than had been planned for and this enabled the increase of the Business Rates retention estimates with greater confidence.

During discussion, the following points were raised:-

- Clarification was requested on the figures stated in the report. The recommended minimum net balance of £128,000 and the budget gap of £130,000 were considered to be very similar. The Chairman believed that the Council had made consistent cuts and in some cases, services had ceased. All of the easy savings had been made and he queried what more could be done without services being affected.
There were still unknown factors that could lead to service cuts. The Council had older assets that could need work completed on them that was unknown. This was only one of the examples that was given. The Council required a contingency fund and so the minimum net balance was needed to mitigate any risks.
- Members suggested that the Council Tax could be raised to create income to use to close the budget gap. However, customers would need the reassurance that further cuts to services would not be made.
The Council used to send out a survey with the Council Tax bills and a majority of those that responded fed back that they would not be against a Council Tax rise to fund services.
- Both Councillors and staff were challenged by the Finance Team to suggest and make savings. There were still areas that could generate money and others that could be made more efficient to save money rather than cut costs.
- Members were reminded that any one off payments throughout the year came from the balance reserve. The MTFP had done what it could to protect services.

RESOLVED that the Scrutiny Committee:-

- 1) Noted the revised estimates, and in particular the ongoing risks and uncertainty, within the Medium Term Financial Plan and supported the

proposed financial strategy that sought to deliver a balanced budget prior to the formation of a new Council;

- 2) Supported a recommendation to Cabinet and Council to approve a Revised Budget for 2017/2018 with the following changes:-
 - a) Revised Collection Fund Business Rates Surplus/Deficit budget from a deficit of £223,546 to a surplus of £480,685 – a net increase in funding of £704,181;
 - b) A transfer to the Business Rates Smoothing Reserve of £704,181 to mitigate budget risk from Business Rates funding volatility;
 - c) Revised 2017/2018 Business Rates Retention estimates by an additional £30,700 in respect of Section 31 Grant, with related transfer to General Reserves; and
- 3) Supported a recommendation to Cabinet and Council to agree in principle a further transfer to the Business Rates Smoothing Reserve in 2018/2019 to mitigate the increased budget risk in respect of Business Rates funding volatility as reflected in the updated Medium Term Financial Plan estimates.

SC 10 **Scrutiny Committee Work Plan**

The following items were requested to be added onto the Scrutiny Work Plan:-

- Parking Strategy Overview to be moved to December;
- Hinkley Annual Review to be brought to the August meeting;
- Civil Contingency. A review on the Council's emergency planning information was requested. The current information available on the Council's website was limited and could be improved;
- Update on Public Conveniences to be brought to the August meeting;
- Details of the role of Planning Enforcement within West Somerset was requested to be added to the Work Plan;
- The Committee Members were reminded that the Somerset Partnership NHS Trust were scheduled to return for the August meeting;

RESOLVED that the Scrutiny Forward Plan published on 7 June 2017, with the additional items, be noted.

The meeting closed at 5.55pm.