

SCRUTINY COMMITTEE

Minutes of the Meeting held on 18 January 2018 at 3.30 pm

Present:

Councillor P H MurphyChairman
Councillor N ThwaitesVice-Chairman

Councillor G S Dowding
Councillor B Maitland-Walker
Councillor J Parbrook

Councillor P Pilkington
Councillor R Woods

Members in Attendance:

Councillor M Chilcott
Councillor B Heywood

Councillor A Trollope-Bellew

Officers in Attendance:

Assistant Director – Resources and Support (P Carter)
Finance Services Manger (J Nacey)
Democratic Services Officer (A Randell)
Democratic Services Officer (C Rendell)

SC 59 Apologies for Absence

Apologies were received from Councillors I Aldridge and R Clifford.

SC 60 Minutes

(Minutes of the Meeting of the Scrutiny Committee held on 7 December 2017 – circulated with the Agenda.)

RESOLVED that the Minutes of the Scrutiny Committee held on 7 December 2017 be confirmed as a correct record.

SC 61 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:-

WEST SOMERSET COUNCIL
Scrutiny Committee 18.01.18

Name	Minute No.	Description of Interest	Personal or Prejudicial or Disclosable Pecuniary	Action Taken
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 P Pilkington	All items	Timberscombe	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 62 Public Participation

No members of public spoke at the meeting on any items on the agenda.

SC 63 Cabinet Forward Plan

(Copy of the Cabinet Forward Plan published 2 January 2018, circulated at the meeting).

Members highlighted that the Finance Services Manager's name needed to be altered on the Forward Plan.

RESOLVED that the Cabinet Forward Plan published on 2 January 2018, with amendments, be noted.

SC 64 Chairman's Announcements

The Chairman raised two items. These were:-

- Members were encouraged to bring their own cup to use instead of the disposable plastic cups. This was to support the plight raised by the television programme Blue Planet, which was to minimise the use of plastic.
- The Chairman highlighted to Members that Ministers had written to Local Councils and urged them to take up funding to install electric car charging points within their Districts. Members were advised that this item was on the agenda for the Corporate Policy Advisory Group to be held on 24 January 2018.

SC 65 Financial Standing and Medium Term Financial Plan 2018-2019

The report WSC 2/18 was presented by Councillor M Chilcott.

The purpose of the report was to provide Scrutiny Committee with an update on budget estimates for 2018-2019 and Medium Term Financial Plan (MTFP) forecasts, and to consult with Members on the proposed means of closing the residual Budget Gap for 2018-2019.

The provisional funding settlement was issued by Government late in December 2017 and included details with regards to the General Revenue Grant Funding, New Homes Bonus and Business Rates Retention Baseline and Tariff. Overall the general grant funding available to deliver services had again reduced significantly in 2018-2019:-

- a) General Funding, Revenue Support Grant had been reduced by £146,692 (46%) whilst the Rural Services Delivery Grant was kept at the same level of £171,530.
- b) New Homes Bonus funding had been reduced by £148,994 (27%).

The Business Rates position was skewed by the 2017 Revaluation of rateable values (RV) and adjustments to the Tariff payment the Council was required to make as a result. The Council had approved a revised budget and MTFP estimates in August 2017. This reflected an expected increase in the retained Business Rates in 2018-2019, which was mainly due to the uplift in the RV for Hinkley Point B power station. The increase was already reflected in the financial forecasts. Consequently, the net 2018-2019 Business Rates income forecast was revised to £2,647,765. This was an increase of £1,502,650 compared to the previous year and included a retrospective one-off credit adjustment of an estimated £1,466,010 to the Tariff.

Due to the timing differences in the adjustment to the Tariff for the 2017 Revaluation, the net Business Rates income retained for 2019-2020 would level out in broad terms, to an estimated £1,800,000, which was approximately £670,000 higher than the 2017-2018 funding level.

Cabinet was minded to recommend to Full Council a Council Tax increase of 3.32% (£5 on a Band D) which would provide an additional £70,440 income. Together with the higher Tax Base, the total Council Tax funding would increase by £104,694 in 2018-2019.

The 2018-2019 draft budget also included a prior year net Collection Fund surplus of £518,700.

Cabinet was minded to transfer £63,784 to the Business Rates Smoothing Reserve to help mitigate the risks to the level of Business Rates Retention which was outlined in the MTFP Strategy and £160,000 to the Sustainability Reserve to provide further invest to save funds.

The updated MTFP indicated that despite a balanced budget being forecast for 2018-2019, the ongoing Budget Gap remained a challenge when the savings already assumed within the MTFP were considered and the limited number of areas available to find further savings.

It was also important to emphasise that there remained significant uncertainty in the financial forecasts beyond 2019-2020. The factors were as follows:-

- The current four year settlement set proposed Government Grant Funding up to 2019-2020.
- The outcome of the Fair Funding Review was expected to be implemented in April 2020.

- Business Rates Baseline and Tariff were due to be reset in 2020 and the proposed move to 100% retention continued to be developed.

Along with the factors listed, which would influence future funding, a major proportion of the retained Business Rates relied on Hinkley Point. There was a significant risk of funding reduction if Hinkley Point B was decommissioned earlier than forecast or had any unplanned outages. There was a high probability that there would be several years between Hinkley Point B being decommissioned and Hinkley Point C generating power, which would lead to a significant 'trough' in the Business Rates income. Members were strongly advised to plan prudently for the long term risk when budget plans were considered.

During discussion, the following points were raised:-

- Concern was raised that the Government spent a majority of its time involved in Brexit negotiations, which meant it could not focus on 'business as usual'.
- Concern was raised that the Somerset Rivers Authority was still not a precepting body.
- Members queried whether there were any 'invest to save' schemes available for the Sustainability Reserve.
There were schemes available and both Members and Officers were keen to undertake the work, however, capacity to undertake such work would need to be checked.
- Members suggested that the Business Rates Smoothing Reserve should be kept at a minimal level of £1,500,000.
- The Chairman highlighted that the figure for the 2017-2018 Projected Outturn Variance in the General Reserves Balance, as of 31 March 2018, would be reported to the Scrutiny Committee in February and was predicted to be an underspend.
- Members queried why there was still a potential delay in the Transformation Project. The delay had caused a strain of £136,000 on the budget. Concern was raised on the delay in the production of the staff structure.
When the figures were given, Officers had expected a 'minded to' decision in June 2017 and it had not been received until December 2017. Until the decision to form a New Council was given, the formation of a staff structure would be delayed. There was a requirement to ensure that the staff structure had been properly consulted on and the documents had not been released to staff yet, which meant that staff still had to go through the recruitment process.
- Members queried if the decision was received in February 2018 or later, would the Boundary Commission have enough time to carry out the necessary work prior to the 2019 election.
Yes. The Local Boundary Commission and the Department for Communities and Local Government comments stated that everything was in place to achieve the deadlines for the 2019 election.
- Members were confused because we currently operated with 'One Team', so this meant we only had 'One Team' to transform. Members requested clarification on why Transformation could not have started before the decision was received.

There was 'One Team' which served both Councils. The Transformation Team had been able to work on the staff structure for the New Council whilst they waited for the decision from Government, but could not make any major changes to staffing until they knew if one new Council would be created or remain as two Councils.

- Members were pleased that the predicted deficit for next year had not occurred. However, concern was raised on what would have happened if it had and would the Transformation Project been able to carry on. *Due to the hypothetical nature of the query, Members and Officers could not give a definitive answer. Both services and jobs would have been impacted and officers would have done their best to set a budget and close the accounts.*
- Members queried whether the Council had to set a balanced budget or could a negative one be set. *No. Councils had to set a balanced budget, they were not allowed to set a negative one. Another Council had tried to submit a negative budget which caused the Government to intervene.*

RESOLVED that the Scrutiny Committee noted the latest budget estimates and referred any comments to Cabinet on the proposed means of closing the Budget Gap for 2018-2019.

SC 66 Capital Programme Budget Estimates 2018-2019

The report WSC 3/18 was presented by Councillor M Chilcott.

The purpose of the report was to provide Members with the detail of the Capital Bids for the 2018-2019 Capital Programme and the proposed source of funding.

The Draft Capital Programme only included essential investment in core IT systems of £26,000 and £350,000 for Disabled Facilities Grants, which were funded via contributions from the Better Care Fund.

The total Draft 2018-2019 Capital Programme was £376,000.

During discussion, the following points were raised:-

- Members requested clarification on the server situation. Concern was raised that there was £20,000 that would be used to purchase a new server when there was spare capacity on the existing server that could be used or a cheaper alternative could be found.
- *The Members questions had been passed onto the IT Manager, who understood their concern and if she could find an alternative, she would do so. However, because the funds had already been granted by the Revenue Contributions to Capital Outlay, the money had been secured for the server work. The IT Manager would send a response to the questions posed by Members.*
- Members queried whether there was any old IT stock that could be refurbished to last until the new systems had been procured, which should be once Transformation had been achieved. They also

requested confirmation on when the server support was due to end, the report stated either 2018 or 2019.

The IT Manager would send a response to the questions posed by Members.

- Members requested clarification on the ICT Infrastructure Project and Annual Hardware Replacement items on the list.
Items that had been approved in the Capital Programme had to be listed, whether they were ongoing or had not yet started.
- Members requested an update on the Clanville Grange Housing Project.
Officers did not have information on the project but would send a response to Members after the meeting.
- Members requested an update on the CASA Project.
There had been a change to the fundamental requirements by the Police. Officers were not able to update Members on the project.
- Members thanked the Finance Services Manager for all her hard work and wished her well in her new job.

RESOLVED that the Scrutiny Committee noted the Draft 2018-2019 Capital Programme that totaled £376,000 and the current unallocated capital resource position.

SC 67 **Scrutiny Committee Work Plan**

The following items were highlighted from the Forward Plan:-

- The Health and Wellbeing Task and Finish Group Report had been delayed and was on the Work Plan for April.
- Members were reminded that a Task and Finish Group was due to be set up for work on the Car Park Strategy.
- Members were asked to note that the Quarter 3 Budget Monitoring Report was scheduled for the February meeting.

Members were reminded that if they had an item they wanted to add to the agenda, that they should send their requests to the Scrutiny Officer.

RESOLVED that the content of the Work Plan be noted.

The meeting closed at 4.31pm.