

SWT Corporate Scrutiny Committee - 2 March 2022

Present: Councillor Gwil Wren (Chair)

Councillors Ian Aldridge, Benet Allen, Marcus Barr, Sue Buller, Norman Cavill, Simon Coles, Ed Firmin, Roger Habgood, John Hassall, Libby Lisgo and Loretta Whetlor

Officers: John Dyson, Paul Fitzgerald, Steve Plenty, Kerry Prisco, Andrew Pritchard, Malcolm Riches, Richard Sealy, James Barraah, Chris Hall and Alison North

Also Present: Councillors Ross Henley, Janet Lloyd, Vivienne Stock-Williams and Brenda Weston

(The meeting commenced at 6.18 pm)

11. Apologies

The Chair advised before commencing the meeting that the order of agenda items had changed so that the Capital, Investment and Treasury Strategies 2022/23 to 2024/25 report would become item 9 and then be followed by the Capital, Investment and Treasury Strategies 2022/23 to 2024/25 report then finally the Corporate Performance Report as at Quarter 3 2021/22.

The Committee held a moment of reflection for Ukraine before starting the meeting.

Apologies were received from councillors Barrie Hall, Habib Farbahi and Nick Thwaites who was substituted by councillor Roger Habgood.

12. Minutes of the previous Corporate Scrutiny Committee Meetings held on 26 January and 2 February 2022

The Committee resolved to approve the minutes of the meeting held on 26th January 2022.

The Committee resolved to approve the minutes of the meeting held on 2nd February 2022.

13. Declarations of Interest

Members present at the meeting declared the following personal interests in their capacity as a Councillor or Clerk of a County, Town or Parish Council or any other Local Authority:-

Name	Minute No.	Description of Interest	Reason	Action Taken
Cllr M Barr	All Items	Wellington	Personal	Spoke and Voted
Cllr N Cavill	All Items	West Monkton	Personal	Spoke and Voted

Cllr S Coles	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr L Lisgo	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke
Cllr V Stock-Williams	All Items	Wellington	Personal	Spoke
Cllr B Weston	All Items	Taunton Charter Trustee	Personal	Spoke
Cllr L Whetlor	All Items	Watchet	Personal	Spoke and Voted
Cllr G Wren	All Items	Clerk to Milverton PC	Personal	Spoke and Voted

14. **Public Participation**

There were no requests for public participation.

15. **Corporate Scrutiny Request/Recommendation Trackers**

The Chair noted the Corporate Scrutiny Request and Recommendation trackers.

16. **Corporate Scrutiny Committee Forward Plan**

The Chair advised that the meeting scheduled for 4th May 2022 would likely be cancelled due to the local elections taking place the following day.

The Committee resolved to note the forward plan.

17. **Executive and Full Council Forward Plan**

The Chair noted the forward plans.

18. **Corporate Scrutiny Chair's Annual Report**

The Committee resolved to note the Chair's Annual Report.

19. **Capital, Investment and Treasury Strategies 2022/23 to 2024/25**

The Corporate Finance Manager introduced the report and gave a presentation. The following points were raised during the presentation:

- The report included the capital strategy, investment strategy and the treasury management strategy. It also included the Minimum Revenue Provision (MRP) Policy Statement, Prudential and Treasury indicators and laid out the Council's parameters for treasury management and borrowing.

- The report was a legal requirement of the Local Government Act 2003. It was made in line with the CIPFA Codes of Practice.
- The purpose of the report was to define how the capital programme was affordable and fit for purpose, to map investments and to control how treasury management activities were conducted within the Council.
- The report and the strategies would need Full Council approval.
- The strategies aligned with the revenue budgets, Housing Revenue Account (HRA) business plan and the capital programme.
- The report was produced as part of an annual cycle.
- Internal borrowing was used by the Council as part of treasury management to reduce risk exposure for the Council.
- It was clarified that within the report short-term borrowing was classed as borrowing under a year in length, whereas long-term borrowing was borrowing which was for a period greater than a year.

During the debate the following points were raised:

- It was asked what provision was in place for hyper-inflation. Officers responded that there was no specific provision for hyper-inflation as at the time the report was written it was not a possibility. Where borrowing was undertaken by the authority it was sought to be undertaken at a low rate which protected against rising interest rates and inflation.
- It was suggested that it was good that CIPFA rules had been tightened and it was raised that it seemed likely CIPFA rules would tighten further and that auditors would become stricter at year end.
- Concerns were raised about the impact of sudden changes in interest rates on borrowing.
- It was asked how many staff within the finance team were CIPFA trained. It was responded by the Section 151 (S151) Officer that the Council was very fortunate in terms of the number of staff within the finance team who were CIPFA trained. Team members regularly attended training and kept up with government guidance.
- It was asked how the risk register would be managed going forward regarding borrowing. Officers responded that there was a live risk register across the authority, which was regularly updated and reviewed, including reports being taken to the Audit and Governance Committee on a quarterly basis. The Council had treasury management advisors who would contact the Council as soon as they believed there was something the Council should respond to.
- It was asked about the complexity of the borrowing model now due to sources of borrowing having increased and whether this meant managing borrowing took greater officer time. Officers responded that it did take more officer time and that great care was taken in the management of the borrowing portfolio. The officer time invested paid off as it allowed better rates to be secured through research.
- It was raised that there was a drop predicted in the investment portfolio income in two years' time and it was asked what the factors were that had led to that decrease being predicted. It was responded by the S151 officer that the net income reduced as the cost of financing those investments increased due to increased borrowing costs.

- It was asked what proportion of the debt was serviced on long-term loans. It was responded by officers that at present 28% of borrowing was short-term, 72% long-term. Most of the long-term borrowing was for the HRA. At present more short-term borrowing was being done than previously to keep options open for the new Unitary council.
- It was asked whether there was also medium-term borrowing taken out by the Council. Officers responded that this was the case but that for the purpose of the report borrowing had been separated into short-term and long-term borrowing.
- Officers work thus far was commended and it was asked that officers continue to consider opportunities for obtaining good, affordable borrowing.
- It was asked what was in place to help those who were struggling to pay their council tax due to the rise in living costs. Officers responded that the Council was very aware of the impact the current national situation would have on some residents. The best thing anyone who was struggling could do was to contact the Council and speak to officers. The £150 payment from government for all residents in council tax bands A-D would hopefully be going out in early April.
- It was asked about the impact of Local Government Reorganisation on borrowing. Officers responded that reviewing and planning for borrowing was part of the workplan for the Finance Workstream which officers were working on as part of the transition work to the new authority.
- It was asked what the risk of the commercial investment portfolio was as a result of increasing interest rates. It was responded by officers that there was a risk and officers would continue to regularly review the situation as was normally done with all risks. However, the Council's borrowing would decrease each year so this would help to balance out rises in interest rates.
- It was raised that due to some of the commercial investment portfolio only having been completed in December 2021, only one quarter's worth of rent had been received from some properties in the current financial year.
- It was asked what interest was charged on internal borrowing. Officers responded that as interest was lower than borrowing costs currently, internal borrowing cost the Council less than external borrowing would as well as reducing risk to the Council. Interest was charged on borrowing between the HRA and General Fund and the interest was calculated at year end.
- A discrepancy in the report was highlighted. Officers responded that they would correct this ahead of the report progressing further through the democratic process.
- It was raised that in the current financial year, 21% of the Council's net revenue was spent on interest, next year it would be 23.1% of the Council's net revenue and by 2024/2025 it would be 38%. This raised a question of long-term sustainability of borrowing. Officers responded that the equivalent gross figures were predicted to be £4.03m (4.02% of turnover) in the current year, £3.93m (5.04% of turnover) the following year and £5.99m (7.37% of turnover) in 2024/25.

Cllr Buller left the meeting at this point, 19:36

- The Chair thanked officers for their report.

Councillor Whetlor left the meeting and then returned during the item so could not vote on the item.

The Committee resolved to note the recommendations in the report;
2.1 Full Council is recommended to approve the CIT Strategies and MRP Statement for adoption with effect from 1 April 2022.

Cllr Firmin left the meeting 19:39.

20. **General Fund Financial Performance Report for Quarter 3 of 2021/22 (31 December)**

The Portfolio Holder for Corporate Resources introduced the report and raised the following points:

- The General Fund was forecasting an underspend of £620,000 after taking into account the total amount of proposed carry forwards which was just over £2m and a transfer of £570,000 to capital financing. Full Council approved the £570,000 transfer to capital financing last week.
- Covid-19 and the pace of economic recovery had continued to significantly impact the Council. Car parking income still remained significantly decreased. Nationally there have been similar reductions in car parking income as behaviours had changed.
- The Council remained in a strong financial position and continued to have General Fund reserves above the minimum required. Significant financial risks, including the transition to a new unitary authority, remained so holding reserves above minimum remained prudent.
- The current forecast for the financial year was an underspend of £1.7m and slippage of £8.3m.

During the debate the following points were raised:

- It was raised that parking income was being lost as a result of barriers failing to work, meaning that they had to be left open. The portfolio holder agreed that barriers malfunctioning was not good and noted that any malfunctions should be reported to the responsible officer.
- It was asked how much the Council had received in grants from the government over the past two years. Officers responded that they would provide a written answer.
- It was raised that there was not sufficient car parking in Watchet and that the car parks there were often full in Watchet.
- It was raised that within Taunton it was possible more people were using the park and ride at present as it was free.
- It was raised that the Community Scrutiny Committee had requested a report on car parking but had not received it yet.
- It was raised that Somerset West and Taunton Council had acted rightly in saving the park and ride for Taunton.
- It was suggested that it should be shown transparently what car parking income was used for.
- It was raised that there was a shortfall on expenditure at the end of the quarter as not as much money had been spent as expected. This appeared to happen every year. Allocation of budgets needed to be managed better so

that there would be more certainty and less volatility in figures particularly given local government reorganisation and how the Council's budgeting would feed into the budgeting for the new unitary authority. The Section 151 Officer responded that it was not possible to always predict the future with complete accuracy, but finance officers and budget holders worked closely together and met monthly to review forecasts and update assumptions in order to identify changes against budget as soon as possible so early reporting was enabled.

- Thanks were given to officers for their hard work.
- It was raised that there was complex spend across the Council meaning it was more difficult to accurately predict spend. It was asked what the average variation from planned budget was at the end of each financial year. The Chief Executive responded that there had been volatility in the first few years of the Council for example as a result of the pandemic and the Council had not had a line-by-line finance system when it was first created but this had now been built meaning that the 2022-23 should be more accurate. Work had already begun to ensure that the actual figures, not assumptions, would be ready for the draft budget process for the new authority. There had been changes to the budget in the current financial year but that had been for specific reasons in each case which would be documented.
- It was requested that any underspends for the next financial year would be identified as early as possible.
- Congratulations were given to the Section 151 officer and his team.

The Committee resolved to note the recommendations in the report;

2.1 This report is to be noted as the Council's forecast financial performance and projected reserves position for 2021/22 financial year as at 31 December 2021.

21. **Corporate Performance Report as at Quarter 3 2021/22**

The Portfolio Holder for Corporate Resources introduced the report and raised the following points:

- The report included the position in respect of the Council's key performance indicators (KPIs) and a summary of the Council's key business risks and issues together with the current status of actions being taken to address the risks and issues.
- There were five red and two amber indicators for KPIs which were being monitored closely.
- The report detailed five business risks and three issues.
- The response rate for freedom of information (FOI) requests had improved.
- Call response wait times had increased. This was due to more calls being received and average call durations having increased. Issues with waste and the rollout of RecycleMore had increased calls. Staff turnover within the team had also contributed to call response wait times increasing. Calls on average were answered in 2 minutes 44 seconds.
- Overall performance was strong in most areas. Over 88% of the year's council tax had been collected. Planning applications for large developments determined within 13 weeks was 100%.

Durning the debate the following points were raised:

- It was asked if figures were available for how many repeat calls were received for issues which were not dealt with in the first instance. Officers would provide a written response.
- It was asked whether improvements to Firmstep were being considered. Officers responded that Firmstep was being continually improved and recently work had been done around improving how complaints were processed.
- It was asked how many calls could be attributed to the rollout of RecycleMore. Officers responded that waste calls and the increase in calls this resulted in had been dealt with relatively well, particular team members were assigned to take waste calls and that system worked well. However, more generally in all areas the numbers of calls and length of time of calls had increased.
- It was asked if much time was lost to staff sickness, in particular stress due to the nature of the role of customer services being quite stressful. Officers responded that days were lost to stress and sickness but that it was managed closely, and time was spent investing in the staff and regularly checking in on their welfare.
- It was asked what directions councillors could give to their constituents to help with the tax rebate government was offering to help with rising energy bills. Officers responded that councillors could encourage residents to sign up to pay for their council tax by direct debit as this would mean they would receive the rebate payment faster. Managing expectations around when the payments would go out was also important as payments would not be received until late April.
- It was asked in which areas the higher numbers of complaints were being received and if these were the usual areas higher numbers of complaints were seen in. Officers responded that they would provide a written response as to the different areas where higher numbers of complaints were received. Some areas such as Housing had seen a significant increase in complaints, and this was a trend which was reflected nationally in housing.
- It was raised that experiences of interacting with customer services had been positive and was asked if thanks could be passed onto the team.
- It was questioned whether customer expectations rising had led to the increase in complaints.
- It was asked whether, excluding the increase in housing complaints, the number of complaints had increased. Officers responded that they would provide a written response.
- It was asked about the statistics for enforcement in various areas across the Council, such as environmental health. Officers responded that they would provide a written answer following the meeting.
- It was asked if any comparisons were available for call wait times with other Somerset authorities. Officers would provide a written answer after the meeting.
- Support was given for continuing to improve Firmstep and for the improvements already made.
- It was requested that long-term and short-term staff sickness be separated out in the report and asked whether Covid had had a big impact on staff sickness. Officers would provide a written answer after the meeting.

- It was asked how many planning enforcement orders were currently out and active versus how many had been closed down. Officers would provide a written answer after the meeting.
- It was suggested that it may be better to keep more staff on phones rather than moving them to work in reception.
- It was asked if staff turnover figures could be provided, particularly for planning staff. It was responded that there was an indicator which provided staff turnover for the whole organisation, but that more detailed figures could be provided in a written response.
- It was asked that more information be given on planning in these reports and that it be reported in such a way that shows the issues with planning as a result of the phosphates issue. Officers responded that they would be willing to provide alternate data sets if members wished for any other data measurements to be included in the report.

Councillor John Hassall and Cllr Whetlor left the room during the item and then returned and so could not vote on the item.

Cllr John Hassall left the meeting at 20:40

The Committee resolved to note the recommendations in the report;
The Scrutiny Committee and Executive are asked to note the Council's performance report for quarter 3.

(The Meeting ended at 9.01 pm)