

SWT Scrutiny Committee - 8 January 2020

Present: Councillor Gwil Wren (Chair)

Councillors Libby Lisgo, Ian Aldridge, Sue Buller, John Hassall, John Hunt, Sue Lees, Dave Mansell, Phil Stone, Nick Thwaites, Simon Coles, Mark Lithgow and Alan Wedderkopp

Officers:

Also Present: Councillors Chris Booth, Dave Durdan, Marcus Kravis, Richard Lees, Janet Lloyd, Peter Pilkington, Federica Smith-Roberts, Ray Tully and Loretta Whetlor

(The meeting commenced at Time Not Specified)

45. Apologies

Apologies were received from Councillors Cavill, Darch, Milne, Prior-Sankey, D Wedderkopp and Wheatley.

Councillor Coles substituted for Prior-Sankey
Councillor Lithgow substituted for Councillor Darch
Councillor A Wedderkopp substituted for Councillor Wheatley.

46. Minutes of the previous meeting of the Scrutiny Committee

(Minutes of the meeting of the Scrutiny Committee held on 6 November 2019 circulated with the agenda)

Resolved that the minutes of the Scrutiny Committee held on 6 November 2019 be confirmed as a correct record.

47. 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 S Coles	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr J Hunt	All Items	SCC	Personal	Spoke and Voted
Cllr S Lees	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr L Lisgo	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr M Lithgow	All Items	Wellington	Personal	Spoke and Voted

Cllr D Mansell	All Items	Wiveliscombe	Personal	Spoke and Voted
Cllr A Wedderkopp	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr G Wren	All Items	Clerk to Milverton PC	Personal	Spoke and Voted

48. **Public Participation**

No members of the public had requested to speak on any item on the agenda.

49. **Scrutiny Committee Action Plan**

(There were no outstanding Scrutiny Committee Actions from previous meetings).

Resolved that the Scrutiny Committee Action Plan be noted.

50. **Homelessness and Rough Sleeper Strategy. Report of the Strategy Specialist and Customer Specialist – Housing Options (Item deferred to February)**

The item of the Homelessness and Rough Sleeper Strategy had been deferred until the meeting scheduled on 5 February 2020.

51. **Voluntary and Community Sector Grants Annual Review 2019/20. Report of the Localities Manager (attached)**

Somerset West and Taunton Council (SWT) provides financial support to a wide range of Voluntary and Community Sector (VCS) organisations that help deliver corporate priorities consistent to community needs. VCS grants were awarded by the Council via the Economic Development Function, Housing Function, Tenants Forum, Localities Function, Charter Trustees (Unparished Area) and through Section 106 planning gain.

All grantees entered into a funding agreement with the Council and grants were monitored to ensure that conditions were adhered to and that the grant funding maximised to benefit communities across the district.

Historically the Council carried out an annual review of the grants provided through the Somerset West and Taunton (SWT) Small Grants Fund, SWT Partnership Fund and presents the findings to Members. This year the review had been extended to grants provided by the Housing Function and services commissioned to the Voluntary and Community Sector.

The following Grant Funds were included in this review:

- SWT VCS Partnership Fund
- SWT Small grants
- SWT administration fees
- Somerset West Lottery Community Fund
- Housing Grants awarded from the Housing Revenue

The following grant funds were not in the scope of the review:

- Tenants Forum
- Housing/Homeless reduction grants
- Charter Trustees Unparished Fund
- Planning Obligations (Section 106) funds
- Economic Development and Arts Grants
- Other services commissioned to the Voluntary Sector.

The review took into account the amount of funding provided, the service/s provided, performance against the grant proposal and recommendations made by Somerset Community Foundation.

The review looked forward to 2020/21 and considered applications for funding and the allocation of available budgets.

The review took a close look at Citizen Advice Taunton and West Somerset Advice. Last year Somerset County Council made a decision to cut a significant element of core grant funding to all CA services across the county. CA services provided councils with valuable assistance in relation to providing customers with housing, debt and benefits advice. SWT provided a 'one –off' additional payment of £45k to help stabilise CA services. The review took a close look at how this money was invested, and considered the need for additional support.

In July 2016 TDBC and SWT entered into an agreement with Somerset Community Foundation (SCF) to provide a professional grant management service enabling the VCS Small Grants Fund. The agreement included the administration of the fund, due diligence checks, making recommendations for grant awards to the Council and monitoring of grants.

As of April 2017 SCF received £20,000 per year for the VCS Small Grants Fund. The agreement stated that SCF may use no more than 10% of the Small Grants Fund for the purpose of managing the fund. In 2017 a decision was made to utilise underspent funds to increase the award to £22,000 allowing SCF to take up to 10% administration fee and award £20,000

In December 2018 the Council varied the agreement with Somerset Community Foundation, to include in addition to the Small Grants Fund the administration of the Somerset West Lottery Local Community Fund and VCS Partnership Fund.

SCF pledged to provide a minimum of 10% match funding. In some individual grants the match fund contribution exceeded the SWTC grant. The match fund total administration costs to the Council 2019/20 was set out in Appendix A:

CAs across the county were operating in a very challenging environment, both financially and with regard to systems that were placing ever-increasing demands on its services.

CAs (CAT, WSA and others across the county) had made good progress with pursuing a number of initiatives that would lead to integrated working and efficiencies. It was acknowledged that this was difficult given that CAs continued to operate on very tight logistical and financial margins

District councils understood the importance of CA services – CAs supported customers with advice relating to housing, benefits, debt, employment and other matters. However, it was also acknowledged that district councils, including SWT, were operating themselves within an extremely challenging financial environment.

Strategically, as part of considering a way forward, it was acknowledged that whilst the District Councils had already stepped in with additional one-off funding, it could not be expected that they would continue to pick up the costs / impacts of the SCC cut (which across the county, amounted to £419,286 including LAS)

Options that could be considered, whether individually or in combination, but which were not an exhaustive list, included:-

- a) That the District Councils consider, on an individual basis, increased core funding arrangements with their respective CA, commencing 2020/21, and that this is considered within individual MTFPs
- b) That the council's jointly consider commissioning a single CA service
- c) That SWT considers commissioning a single CA service for the SWT area
- d) That the District Councils match the County's management contribution for the LAS element - £6,480 per CA - for 2020/21 (subject to a satisfactory number of LAS grants having come into the Districts)
- e) That the councils jointly commission some support for the CAs to explore different ways of delivering the service outcomes, including looking at transformation, technology and interventions to reduce demand/deal earlier with some of the issues that are creating demand.

Of the options given above, the preference was for option e), this was a consistent view across Somerset – i.e. all districts and also involving the County Council). Option e) would bring in independent expertise to work with all CAs (and funding partners) with a view to informing a way forward. This included debate and consideration of options a) to d). It was anticipated that each partner would need to contribute between £5k and £8k to commission a consultant. This work would commence in early 2020 and completed by July 2020, to inform the Medium Term Financial Plan (MTFP) and a review of core grant funding for CA services. The brief for this work would be developed in Jan 2020, to be co-designed with CA services

However, in order to support this, the following would be required:

- Option d) i.e. continued match funding (with SCC) of the administrative support to the LAS. The cost of this is £6.5k (approx.) x 2 i.e. £13k
- A sum of money to provide capacity for CA managers to engage with the work of the consultant (option e). It is recommended that a sum of £6k x 2 (£12k) be released to facilitate this additional capacity.

In summary and in total, it was proposed that an additional £33k be provided to support CAT and WSA during 2020/21. This money would be released within a Letter of Agreement between SWT and CAT/WSA.

In addition, SWT could add value by assisting both CAT and WSA with conversations relating to their accommodation requirements. It had been mentioned that WSA were looking to move to Alcombe (Minehead), subject to resolving issues around fire risk and remedial works to the building. Alcombe is within SWT ownership. CAT were currently based at offices on Hammet Street.

The possibility of the public sector assisting CAT with accommodation options was being considered should they wish to move in the future.

Debate

- There was no prospect of Somerset County Council coming back with additional funding.
- All councils were considering supporting the consultant in this work.
- Concerns were expressed over the consultancy costs that each council would be contributing to.
- Members were reassured that this was no more than £5,000 contribution per council and would bring in expertise and new ideas in exploring savings and efficiencies. Exploring additional funding that was not out of the core grant was an important part of this.
- Officers were asked to consider any free support and commercial expertise to help the voluntary sector.
- There would be a full review of voluntary grants next June/July with tough questions needing to be addressed over the next few months.
- Due to the amount of funding it was considered important to recruit the right consultant with the relevant experience.
- Underfunding of the CAB was considered a long term issue which needed to be resolved. Members of the committee wished for Somerset County Council funding with CAB be reconsidered now a balanced budget had been achieved.
- Further concerns were expressed over the underfunding of the CAB and the perception of changes imposed to an independent body following the work proposed by the consultant.
- Clarification was requested over which voluntary sector organisations received match funding.

The Scrutiny Committee Recommended:-

1) To continue funding at current levels for 2020/21 while the key points raised during the review detailed in this paper are addressed.

2) During 20/21 carry out a review of current areas of funding and set new funding objectives in line with the Councils corporate objectives and current needs within the community.

3) During 20/21 officers should work closely with all grant recipients to ensure targets are met and grants are offering value for money.

4) The Scrutiny Committee are supportive of the approach proposed by Districts and County Council's with the Citizen's Advice Bureau engaging a consultant with emphasis that the brief given to the consultant would align with the outcomes requested, in collaboration with CAB officers.

5) The word "minimum" to be removed from recommendation B in Appendix B.

52. **Financial Monitoring - 2019/20 as at 30 November 2019. Report of the Finance Business Partner and Deputy S151 Officer (attached).**

The report provided an update on the projected outturn financial position of the

Council for the financial year 2019/20 (as at 30 November 2019).

The current revenue forecast outturn for the financial year 2019/20 was set out. These were the best estimates at month 8 of the financial year based on information currently available:

- a) General Fund (GF) Revenue Budget reported a forecast net overspend of £36k.
- b) Housing Revenue Account (HRA) Revenue Budget forecasted a net underspend of £378k.

The current Capital Programme forecast position for 2019/20 was as followed:

- (a) The General Fund Capital Programme budget was £56.734m. No significant variations to budget were currently reported.
- (b) The HRA Capital Programme budget for 2019/20 was £23.093m. As previously reported, it was expected costs would be phased over more than one year so a proportion of the budget would be carried forward at the end of the financial year.

The HRA Capital Programme was provided in detail in Appendix A and The General Fund Capital Programme detailed in Appendix B.

The General Fund general reserves balance as at 31 March 2020 was projected to be £2.756m (subject to risks identified). The opening balance had been adjusted due to an accounting error correction in last year's accounts, The balance was below the operational target of £3m, but above the financial resilience target of £2.4m as approved in the Council's Financial Strategy in September 2019.

The General Fund earmarked reserves balance at the beginning of the year was £18.242m. The net movement in year was reported at an increase of £3,954m, mainly contributions to the New Homes Bonus (less the agreed contribution of £747k to fund staff costs) and Business Rates Smoothing earmarked reserves. A number of allocations from reserves were applied at the end of the financial year and would be included in the Outturn report at that stage.

The Housing Revenue Account (HRA) general reserve balance as at 31 March 2020 was projected to be £3.07m (subject to risks identified). This was above both the current recommended operational target level (£2.4m) and financial resilience target level (£1.8m) set within the Council's Finance Strategy and HRA Business Plan.

The HRA earmarked reserves balance at the beginning of the year was £2.719m, with £1.369m committed to be spent within the next three years and the remaining £1.340m for the Social Housing Development Fund to be used as required to fund social housing development.

Debate

- Additional and temporary staffing costs were considered. There had been constant variance to this budget throughout the year.
- Final costs would be provided for the repair of the Watchet Harbour Wall.
- Further details were requested for the variances detailed in the financial monitoring report. Amongst these were parking income projections and increased costs of the service, and the Housing Partnership overspend.

- Greater clarification was requested on the £20k GDPR spend.
- Further details were requested on the processes of welfare funerals and costs of provision.

The Scrutiny Committee Recommended that:-

The Committee support the report subject to the receipt of responses circulated to all Councillors before the Executive committee on 28th January.

53. **Draft 2020/21 Budget Progress and Initial Budget Options. Report of the Finance Business Partner and Deputy S151 Officer (attached).**

The purpose of the report was to provide Members with an update on progress with regard to Budget Setting for 2020/21, the latest Medium Term Financial Plan (MTFP) forecasts and the areas to be finalised.

The Council's current MTFP projects a budget gap for 2020/21 of £686k. Following the proposed MTFP bids and savings identified the Budget Gap is a surplus of £39k for 2020/21, but rises to £1.514m by 2024/25.

There remain a number of areas where budget forecasts are to be finalised therefore there is potential for the estimated Gap to change, and this will be reported to Members as the budget process progresses. The Executive is due to recommend its final budget proposals to Full Council in February 2020.

The Financial Strategy for Somerset West and Taunton Council (SWT) was approved by the Executive on 18 September 2019. This report also provided Members with an update on the Medium Term Financial Position (MTFP).

A further update on any significant changes to the MTFP was provided to the Scrutiny Committee on 6 November 2019. This was showing a budget gap in 2020/21 of £358k rising to £2.699m by 2024/25.

There are still some items which are unknown at this stage of the budget process. These are covered in section 10.

There have been some changes to the budget gap to incorporate known unavoidable pressures and some savings identified. The table set out:-

	£k	£k
2020/21 Budget Gap as reported to Scrutiny 6 November 2019		358
Service Cost Pressures:		
Additional B&B Homelessness Costs	82	
Additional Telephony Operating Costs	108	
Review of Base Budgets	280	
Subtotal – Service Cost Pressures		470
Service Cost Savings:		
Reduction in Revenue contribution to Capital	-96	
IEG4 Revs and Bens Licence no longer required	-34	
Increase in Treasury Investment Income	-200	
Review of Fees and Charges	??	
Subtotal – Service Cost Savings		-330

	£k	£k
Collection Fund deficit revised estimate		14
Lower Council Tax Base (estimate of Band D Equivalent)		174
2020/21 Latest Budget Gap Estimate December 2019		686

The table set out a summary of the Medium Term Financial Plan for Somerset West and Taunton. This is based on the current estimate of costs and predicted funding before MTFP bids and savings proposals below

	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Services Costs	14,752,279	14,752,279	16,130,146	16,910,436	17,500,866	18,192,659
Net Financing Costs	356,540	389,900	464,260	627,370	410,480	403,590
SRA Contribution	99,090	98,693	100,272	101,876	103,506	105,162
Special Expenses	46,399	0	0	0	0	0
Earmarked Reserves- Growth	3,089,150	2,814,760	-200,000	0	0	0
Earmarked Reserves- Other	2,834,631	-17,806	0	0	0	0
Economic Growth and Prosperity Fund	1,200,000	0	0	0	0	0
General Reserves	0	0	0	0	0	0
Net Expenditure	22,378,089	18,178,375	16,494,678	17,639,682	18,014,852	18,701,411
Retained Business Rates	-7,787,783	-4,910,158	-3,989,206	-4,067,579	-4,145,952	-4,224,325
Business Rates prior year deficit	-1,331,905	0	0	0	0	0
Revenue Support Grant	-6,340	0	0	0	0	0
Rural Services Delivery Grant	-241,506	-241,506	-241,506	-241,506	-241,506	-241,506
New Homes Bonus	-3,809,150	-3,214,760	0	0	0	0
Council Tax	-8,939,605	-9,091,252	-9,366,321	-9,650,005	9,941,917	10,242,820
Council Tax–SRA	-99,090	-98,693	-100,272	-101,876	-103,506	-105,162
Council Tax–Special Expenses	-46,399	0	0	0	0	0
Council Tax prior year surplus	-116,311	63,877	0	0	0	0
Net Funding	22,378,089	17,492,586	13,696,808	14,059,863	14,431,155	14,811,449
Budget Gap	0	685,883	2,797,373	3,578,716	3,581,971	3,887,598
Gap – Change on Previous Year	0	685,883	2,111,490	781,343	3,255	305,627

General Reserves were currently estimated to be at £2.756m at 31st March 2020, which was below the minimum operational target set out within the financial strategy of £3m.

It was recommended that £300k is transferred from the NHB reserves to General reserves to bring these back up above the minimum level. The s151 Officer would review the minimum reserve requirement in February 2020 as part of the final budget recommendations.

If all of bids and savings proposed were agreed the Draft Budget Gap has an estimated surplus of £39k for 2020/21, but rises to £1.514m by 2024/25.

The assumptions used in the previous report have not changed for Council Tax Charge increases. For financial planning purposes it was assumed Council Tax Charges will increase by 1.99% each year from 2020/21. This is subject to consideration by the Executive through the budget process, which will formally recommend its Council Tax proposals to Council each February as part of the Budget report. It is not known at this stage whether the Secretary of State will continue the option for the 'threshold for excessive council tax increases' for shire districts to increase tax by up to £5 (on a Band D charge). This is subject to confirmation annually through the Finance Settlement.

The Council Tax Base has been approved by the s151 officer on 13th December 2019, which has resulted in reduction in the assumptions included in the last update to Scrutiny on 6th November. Therefore this reduction has increased the Budget Gap for 2020/21 by £174k (shown in Table 2 above). The reduction in the base is mainly due to slower housing growth and increased Council Tax Support Scheme costs.

The 75% business rates pooling pilot scheme was for one year only in 2019/20. The Somerset Business Rates Pool continues under the 50% retention scheme in 2020/21. Indicative estimates at this stage show a potential gain of between £1m and £1.4m. The budget proposal above prudently includes £1m towards funding services in 2020/21. There is an element of risk as the actual income will not be confirmed until the end of 2020/21. This will be monitored through the budget monitoring process and if the £1m is exceeded options for allocating additional funds can be considered at that time.

New Homes Bonus was a non-ring-fenced grant designed to incentivise housing growth. A contribution of £2.75m from NHB across 2020/21 and 2021/22 is recommended towards balancing the budget in order for the proposed spending plans to be affordable. Officers are currently reviewing commitments against the capital programme for which NHB funding was previously assumed. Therefore if these costs are still to be incurred the Council might need to borrow, which will have an impact on future revenue costs.

Debate

- Further details were requested in relation to DLO vehicles and the potential for these to be electric vehicles.
- Members requested that the climate change budget be explored at the Climate Change working Group with consideration for it to increase from

£75k to £150k if the need for this could be evidenced through Climate Change Projects.

- Ongoing IT project costs would be provided to members when available later this week.
- The funding earmarked for the East Quay wall was welcomed.
- Members were reminded that budget options aligned the funding available to the priorities of the Council.
- Costs of the final fix to the East Quay Wall be reported to members.

The Scrutiny Committee recommended:-

- 1) To note the latest Medium Term Financial Plan forecasts and the areas to be finalised.
- 2) Requested The Executive consider increasing the climate change budget from £75,000 to £150,000 and consult with the Climate Change working Group on what projects could be explored.

54. **Scrutiny Committee Forward Plan**

(Copy of the Scrutiny Committee Forward Plan, circulated with the agenda).

Councillors were reminded that if they had an item they wanted to add to the agenda, that they should send their requests to the Governance Team.

Resolved that the Scrutiny Committee Forward Plan be noted.

(The Meeting ended at Time Not Specified)