

Minutes of a Meeting of the Scrutiny Committee - Corporate and Resources held in the Council Chamber, Council Offices, Cannards Grave Road, Shepton Mallet BA4 5BT, on Wednesday, 28 August 2024 at 10.00 am

Present:

Cllr Bob Filmer (Chair)

Cllr Nick Cottle

Cllr Tony Lock

Cllr Peter Seib

Cllr Lucy Trimmell

Cllr Simon Carswell

Cllr Philip Ham

Cllr Diogo Rodrigues

Cllr Brian Smedley

Cllr Mike Murphy

Cllr Simon Coles

In attendance:

Cllr Liz Leyshon

Other Members present remotely:

Cllr Andy Dingwall

Cllr Sue Osborne

Cllr Bill Revans

Cllr Sarah Wakefield

Cllr Ros Wyke

Cllr Dawn Johnson

Cllr Faye Purbrick

Cllr Fran Smith

Cllr David Woan

34 Apologies for Absence - Agenda Item 1

Apologies were received from Councillor Andy Soughton whose substitute was Councillor Simon Coles and Councillor Martin Lovell whose substitute was Councillor Simon Carswell. Councillor Collins was present online and Councillor Henry Hobhouse sent apologies.

35 Declarations of Interest - Agenda Item 2

There were none.

36 Minutes from the Previous Meeting - Agenda Item 3

The Committee was asked to consider the Minutes of the meeting held on 24 July 2024. Councillor Peter Seib proposed and Councillor Phil Ham seconded that they be accepted as a true and accurate record and were approved.

37 Public Question Time - Agenda Item 4

There were no questions submitted by the Public.

38 Forward Plan 2024/2024 - Agenda Item 5

There were no comments from the Committee and so the work programme was noted. The Chair reminded Members that the next meeting was on Monday, 30th September in Deane House, Taunton.

39 2024/25 General Fund Revenue Budget Monitoring Report - Month 3 (Qtr 1) - Agenda Item 6

The Service Director, Finance & Procurement, Nicola Hix, gave a report on the General Fund Revenue Monitoring Report for the end of June 2024, Q1, Month 3. The forecast was an underspend of £0.2m for the 2024/25 financial year.

It was noted that the main variances were:

- Adults Services favourable variance of £2.1m due to the commissioning work carried out with the market to reduce residential and nursing weekly fees.
- Children, Families & Education Services adverse variance of £5.4m, predominantly relating to external placements.
- Climate & Place adverse variance of £4.3m relating to an increase in Waste Services contract costs, as well as pressures in highway safety defects, capitalisation of salary costs and unachievable income targets.
- Community Services adverse variance of £1.1m due to pressures within Open Spaces and Coroners.
- Non-Service favourable variance of £2.6m largely relating to higher investment income and lower debt charges than anticipated.
- Contingency budget of £6m remains unallocated at month 3

The Committee were taken through the various appendices of the report with Nicola pointing out that the Council had inherited a substantial amount of legacy debt from the former 5 councils and that although improvements had been made, there was still room for more. In particular, this related to more timely despatch of invoices and more officers focussed on debt collection. She also noted that the Council's Corporate Debt Policy needed to be revised.

Nicola Hix further commented that the Spend Boards had aided the Council's financial position and were still in place, although the limit of spend before the Spend Board is involved had been increased from £100 to £500. The requirement for the provision of Purchase Orders up front had improved the issue with retrospective orders, which had been causing a problem with tracking spend. The number of retrospective orders had significantly reduced.

In the discussion which followed, Members made the following comments:

- Placement costs for children coming into care has increased significantly.

Investigations underway to understand why this is.

- Costs of unregistered placements are dropping but rising for registered placements.
- There are contract difficulties which are causing issues for placing young adults in accommodation outside of the contract.
- There is an underspend on foster care which isn't necessarily good. A deeper investigation is required into the provision of foster care in Somerset.
- The inflationary pressures that schools face are concerning. Reserves have exceeded the statutory override which is due to finish in March 2026.
- Spend boards are very resource heavy so the spend limit has increased to £500. This can be reversed if non-compliance is noted.
- The delays in the delivery of Homes and Horizons homes 6,7 and 8 are partly due to the spend boards. There is no particular delay caused by planning. There is a good relationship with Planning officers and the Legal teams.
- The average cost of a care home place is £800 per week. The cost of care home fees, direct fees and care home packages equates to 90% of the budget. Nursing care fees are partly funded by the NHS.
- The number and value of outstanding Licensing debts was noted and the average was £200. Councillor Carswell queried why payments for licences were not required up front.

Members noted the report and the Chair requested that going forward, the report should include some baselines on the graphs to enable comparisons to the previous year's figures.

40 2024/25 General Fund Capital Budget Monitoring Report - Agenda Item 7

The Service Director, Finance & Procurement, Nicola Hix, gave a report on the General Fund Budget Monitoring Report for the end of June 2024, Q1, Month 3 which included a forecast of the 2024/25 year-end spend (Outturn) against the Council's approved Capital Programme Budget. The report also explained to Members the projected variations against individual projects and the Programme as a whole.

It was noted that the revised capital programme was approved by Members in February 2024 alongside the MTFP for 2024/25. The report detailed how the programme had changed since February 2024 and that it had been updated to include the carry forwards from 2023/24.

Items of note within the report were:

- The forecast outturn for 2024/25 as at the end of June was spend of £195.0m against an original budget of £268.7m, therefore giving a forecast outturn variance of £73.7m. The total budget incorporates the slippage from 2023/24 of £196.890 which has been reprofiled over the current and future years.
- As per the Capital Outturn Report from 2023/24, it has been suggested that a further review of the schemes included in this programme should be carried out during the year due to the significant slippage incurred, but also to ensure that the Council has the capacity to be able to deliver schemes agreed in prior years. This review may lead to the capital programme reducing and

therefore forecast spend for the financial year reducing.

- Finance have been working closely with budget holders to review their capital schemes to try and forecast more accurately the spend this year and future years. The initial effect can be seen with the £73.7 reprofiling above. This will also allow the Treasury Management Team to forecast more accurately the borrowing requirement for the year.

The report also stated the following that there have been additions of £11.400m to the capital programme as follows:

- £6.092m of Department for Transport grant funding towards Highway capital improvements. This has been allocated from the DfT's Network North reallocations.
- £2.797m of Department for Education grant funding from their High Needs Capital Allocations.
- £1.865m of Department for Education grant funding towards Homes for Children.
- £0.645m of Department for Education grant funding towards Schools DFCG projects.

It was noted that one virement (budget transfer) had been processed in the quarter which was £0.528m of grant approval from Highways Major Projects to Yeovil Refresh to aid in the delivery of walking and cycling initiatives.

The Committee were taken through the financing of the 2024/25 forecast and noted that 76% of the in-year capital spend was funded by grants and third-party contributions.

In the discussion which followed, the following comments were made:

- Borrowing is only done as and when needed, not in advance of the capital programme.
- Need to review whether the Council still has the resources to deliver on the schemes within the agreed timescales.
- The budget would need to be reviewed at the same time it is re-profiled and re-assessed to see if it needs to be downsized to fit in with the fewer resources available.
- The Council has to do a partial exemption calculation. As the Council receives some exempt income, we calculate to make sure we are not claiming back more VAT than we should. If we get this wrong it can be costly.
- Detail requested on the slippage of budget to future years for such things as road maintenance. There is a risk of reputational harm if these keep slipping, year after year.

At the conclusion of the discussion Members noted the report and the Chair summed up the discussions.

41 2024/25 Housing Revenue Account Revenue & Capital Budget Monitoring Report - Agenda Item 8

The Head of Housing Income and Tenancy Management, Simon Lewis, gave a report on the on the projected outturn financial position of the Council's Housing Revenue Account (HRA) for the financial year 2024/25 (as at 30 June 2024).

It was noted that the HRA has two operating models: an in-house service in the west of the county and an arms-length management organisation (ALMO) in the north of the county delivered by Homes in Sedgemoor. This report summarised the overall projected outturn financial position of the two operating models collectively.

The report noted that the headline estimates for revenue costs are:

- Revenue Budget – £2.359m forecast overspend
- General Reserves - £11.823m forecast balance which is favourable compared to the £3.722m minimum requirement
- Earmarked Reserves – £209k opening balance

Further items of note within the report included the following:

- The Housing Senior Management Team will be undertaking preventative action to minimise further overspends and to aim to bring the forecast position back to budget.
- The HRA is a ring-fenced account which must abide by the accounting regulations and ensure that cross subsidy does not occur.
- The HRA has set a balanced budget for 2024/25 however areas of risk for the year will relate to regulatory and compliance requirements.
- From an operational perspective, the challenge relates to the levels of demand from tenants for support and service, for example for debt and benefit advice, repairs and maintenance on their properties, and the number and condition of void properties.
- There are risks associated with the economic operating environment and the positive or negative impact this may have on any variation from the forecasts assumed when setting the budget.
- The Housing Revenue Account (HRA) Capital Programme for 2024/25 onwards is £92.896m. This consists of £35.579m of new schemes approved for 2024/25 in addition to £57.317m approved budget carry forward.
- The budget has been profiled to reflect the estimated timing of costs for the approved schemes, with £60.189m profiled to be spent in 2024/25 with the balance of £32.707m projected forward into future years.

The Committee were taken through the significant reasons for the variance. Simon also added that repairs and maintenance and voids were key areas of concern. There had been underspend on supervision and management with some current vacancies including the Service Director for Housing. There had been an overspend of £312k on insurance premiums. There was a plan in place to look closely at the lettings and voids process for the year ahead and acknowledged that there was room for improvement to get costs under control. This would be done by bringing in more finance support to focus on this area and other parts of the improvement plan.

Members of the Committee discussed the presentation and comments made included the following:

- The length of voids time has been benchmarked and Somerset Council fall between the medium and top quartile. There are over 10k people awaiting council houses.
- There are 415 voids a year which represents about 8 per week. More resources are needed for pre-void inspections as the current voids team is very stretched.
- Advanced provisioning of raw materials such as bathrooms and kitchens needs to be improved. However, it was noted that since the pandemic it has been hard to source the right trades and materials, an example being fire doors. Also, with competition from other large projects within Somerset, prices have soared.
- Properties are being handed back in a much worse condition than in previous years.
- It has been extremely hard to recruit to the vacant positions, with a lack of applicants of the right calibre or experience. There has been competition from other large employers, such as Hinckley.
- A majority of the void properties are located in the former Sedgemoor and Somerset West and Taunton District Council areas.
- A mid-term survey during the tenancy was not a feasible idea due to the number of properties that would need to be surveyed each year. There is an inspection programme based upon intelligence on problem properties.

At the conclusion of the discussion the Chair summed up and requested more detail on how deliverable the capital programme and also more information regarding insurance premium costs. Members noted the report.

42 Council Tax Reduction Scheme Review Consultation - Agenda Item 9

Councillor Liz Leyshon introduced the item and handed over to the Interim Revenues and Benefits Manager, Richard Sealy, who gave a report on the consultation exercise and consultation questions currently being undertaken in respect of proposed changes to the Council Tax Reduction (CTR) scheme for 2025/26.

The report stated the following:

- The Council is required by law to agree to a CTR scheme for the coming financial year for both working age and pension age people, although the rules for the pension age scheme are prescribed by Government.
- There is no requirement to change the scheme from year to year. However, in view of the current financial emergency, Council agreed on 20 December 2023, when setting this year's scheme, to a full review of the scheme during 2024/25 with a view to delivering cost reductions for 2025/26.
- By law the Council is required to undertake a full public consultation exercise on any changes proposed to scheme. The consultation sets out proposed changes which could deliver significant savings of up to £6.4m to the Council if all the proposed changes were implemented.

- The proposed changes, if implemented in full, could see a significant reduction in the amount of support provided to working age people on low incomes. This is likely to cause hardship and in consequence it is reasonable to anticipate an increase in the number of claims for Exceptional Hardship and a detrimental impact on the Council Tax collection rate.

The Committee were taken through the proposed changes and consultation questions and the potential impact of implementing these changes including an equalities impact assessment was also highlighted. The officer requested the Scrutiny Committee to respond as part of the consultation process.

Members of the Committee discussed the report and made the following comments:

- Has consideration been given to applying a flat rate, rather than a percentage to the CTR?
- It is incumbent on Councillors to try to find savings from within the Council rather than taking it from our residents.
- Requested a breakdown of divisions or areas where most residents would be affected by the proposals.
- Grave concerns about the effect of the proposed reduction in support from 100% to 75% on the low-income families. The benefits they receive will now have to go towards their Council Tax bill.
- There will be increased casework for Councillors dealing with residents who are unable to pay their Council Tax if the support is reduced to 75%.
- Publicising the consultation should be revisited and all parish and town clerks should be notified.

In response to questions raised, Richard made the following comments:

- All figures in the scheme predate the Chancellors announcement but the Winter Fuel Allowance is not taken into account when calculating the CTR.
- Fixed flat rates are not possible to implement at this stage due to operating on 4 different legacy software systems. Once operating on the one system, this will be considered.
- The consultation started in late July and will run until 2 October 2024. There have been over 1000 responses so far. There will be an all-member briefing on 16 September which is part of the consultation process.
- Figures quoted are based upon the current Council Tax.
- Final recommendations will be brought back to the Scrutiny C & R Committee, prior to the Executive and Full Council for final approval, so there will be another chance for the Committee to scrutinise the final proposed scheme.

At the conclusion of the discussion, the Committee were asked to vote on the 4 Recommendations within the report, and resolved the following:

RESOLVED

Part 1 – reducing the level of discount provided to a maximum of 75% - recommended that this change is not implemented and that the maximum level of support remains at 100% **(Votes: 7 in favour, 1 against, 1 abstention)**

Part 2 – introducing non-dependent deductions of £10 per week – recommended that this change be adopted **(Votes: 8 in favour, 1 abstention)**

Part 3 – restricting support to band D Council Tax levels – recommended that this change be adopted **(Votes: 6 in favour, 3 abstentions)**

Part 4 – reducing the time we can backdate claims to 1 month – recommended that this change be adopted **(Votes: 8 in favour, 1 abstention)**

Cllr Simon Coles left the meeting at this point in the agenda.

43 Regulation of Investigatory Powers Act 2000 (RIPA) Policy - Agenda Item 10

The Principal Lawyer, Lesley Dolan, gave a report which stated that the Regulation of Investigatory Powers Act 2000 (RIPA) governs the acquisition of communications data and the use of covert surveillance by local authorities. They are subject to periodic inspections by the Investigatory Powers Commissioner's Office (IPCO) who provide independent oversight on the use of investigatory powers, as outlined in the Regulation of Investigatory Powers Act 2000.

The report continued that by conducting robust, evidence-based inspections of the use of investigatory powers, the Inspectorate ensures that those public bodies authorised to use investigatory powers are doing so lawfully and in line with best practice. Somerset Council received an in-person inspection by one of the IPCO inspectors on the 03/04/2024 and subsequently online on the 10/05/2024. As a result of the inspections, the report included recommendations from the IPCO Inspector and highlighted the necessary changes to the Council's existing RIPA Policy.

It was noted that in the stats provided for the IPCO it showed that the County Council had not used the powers, nor had the Somerset Council since vesting day.

Members of the Committee discussed the presentation and noted that some of the information contained within it was a little out of date. Further comments and suggestions were made to improve the report which the Principal Lawyer noted and agreed to consider.

The Recommendations within the report were as follows:

1. Note the contents of this report.
2. Note the outcome of the recent Inspection by the Investigatory Powers Commission.
3. Note the use of the Authorities' powers under RIPA for the period of 3 years prior to the formation of the unitary Council, for the period 2023/24 and thereafter that the use of the powers be reported to the Executive on an annual basis.
4. Recommend to the Executive that the former County Council's Covert Surveillance (RIPA) Policy attached to this report be re-adopted as amended, as the RIPA Policy for Somerset Council.

5. Note that the Council's Policy at recommendation 4 above will be reviewed annually by the Executive.

RESOLVED

Recommendations 1, 2 and 3 were approved.

Recommendation 4 to recommend that the Executive re-adopt the former County Council's Covert Surveillance (RIPA) Policy for Somerset Council was not approved but the Committee recommended various amendments and updates to the Policy.

Recommendation 5 was approved but the Committee also recommended that the Scrutiny Corporate & Resources Committee review the policy annually, prior to the Executive annual review.

44 Improvement and Transformation Programme Update - Target Operating Model - Agenda Item 11

The Service Director for Strategy & Performance, Sara Cretney, introduced the content of the report, saying that the TOM provided a framework for the type of organisation that Somerset Council wanted to be rather than providing in depth ways of working.

The Process Redesign Manager, Rachael Dixon, presented the report which explained the TOM, saying it was the framework that outlined how the organisation would work together, and with others, to achieve the Council's vision and priorities. The report provided the background and context for the TOM, which is a key component of any successful Transformation Programme. The report stated that the TOM had taken the already agreed Vision and Priorities from the Council Plan, the Organisational Design Principles, and Values and Behaviours and created a document that detailed how they will work in practice through our 5 key thematic areas.

The Committee were taken through the areas which are as follows:

- People and Skills - Investing in skills, capabilities, workspaces and the organisation culture that deliver for Somerset.
- Digital and Technology – Making the most of the digital and technology capabilities to improve customer's journeys and staff productivity.
- Service and Process Design – Working together to deliver efficient, effective and innovative services.
- Data Insights and Evidence – Using data across the organisation intelligently to inform decision making and improve service delivery.
- Governance and Decision Making – Streamlining governance and decision-making processes, aligned to the Council's priorities and values.

Rachael Dixon added that staff feedback had been sought, that there had also been a focus group and the Senior Leadership Team had been consulted and that the TOM had been crafted over a long period of time.

Members of the Committee discussed the report and offered some suggestions for improvement. The Chair was keen to ensure that not only Members but also the public were engaged in the development of the TOM. He thanked the officers for their report and asked the Committee to give consideration as to how Members could be involved in its development.

(The meeting ended at 1.40 pm)

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CHAIR