

Annual Report of the Scrutiny for Policies and Place Committee

Lead Member: Cllr A Groskop - Chair of the Scrutiny Committee

Lead Officer: Scott Wooldridge – Strategic Manager – Governance and Risk

Author: Jamie Jackson – Deputy Strategic Manager – Scrutiny

Contact Details: jajackson@somerset.gov.uk or 01823 359040

1. Summary

- 1.1. The Scrutiny for Policies and Place Committee is required by the Constitution to make an annual report to the Council, and this report builds on the regular Scrutiny reports to Council meetings. A selection of the topics covered by Scrutiny Members during the year is shown in Section 4 of this report.
- 1.2. The Scrutiny for Policies and Place Committee has discussed a number of strategic and operational issues through the year and has contributed to the Medium Term Financial Plan process.
- 1.3. The Committee has taken a keen interest in the Council's financial sustainability and has considered Revenue Budget Monitoring Reports on a monthly basis. We have indicated that we wish to continue to receive such reports.
- 1.4. We use task and finish groups to further explore in depth topics outside of our scheduled Committee meetings and we have found this flexible approach to be productive and interesting. The Committee recently agreed to establish a Joint Task & Finish Group to develop a Somerset-wide Climate Change Strategy.

2. Issues for consideration

- 2.1. This report is for information.

3. Background

- 3.1. The Scrutiny for Policies and Place Committee has 8 elected Members, appointed by Full Council in accordance with party political representation.
- 3.2. Members agreed their work programme would comprise items considered directly at Scrutiny for Policies and Place Committee meetings plus other items considered or “commissioned” using flexible arrangements outside of the formal Committee structure.
- 3.3. Our Committee reviews its work programme at each meeting and Members have tried to select a broad range of topics that cover all aspects of the Council's work. During the year Members were reminded that:
 - All Council Members are invited to attend meetings of the Scrutiny for Policies and Place Committee and to contribute freely on any agenda item;
 - Any Member can propose a topic for inclusion on the Scrutiny Work Programme;
 - Members may be asked by the Scrutiny for Policies and Place Committee to contribute information and evidence from their own division and from their own experience, and to participate in specific Scrutiny reviews.

4. Work Programme

- 4.1.** During the year and already reported to Council, topics considered included:
- Medium Term Financial Plan & Revenue Budget Monitoring;
 - Capital Investment Programme;
 - Corporate Performance & Core Council Programme update reports;
 - Connecting Devon and Somerset updates;
 - Highways projects updates;
 - Traded Services update reports;
 - Asset rationalisation & County Farms;
 - Library Service Review Consultation;
 - Flood and Water Management updates;
 - Hinkley Point C updates;
 - SCC Vision & Business Plan
- 4.2.** Scrutiny Members have endeavoured through the last year of the Committee's meetings to make suggestions and express opinions to Commissioning/Service Directors and Cabinet Members after discussion and debate. The majority of these were accepted and incorporated either into the operations of the Council or the decisions of the Cabinet. The Committee wishes to formally place on record its appreciation to those Cabinet Members that have attended our meetings. This has often proved to be helpful both for the Committee and also the Cabinet Member and Lead Officer.
- 4.3.** This Committee has also enjoyed a constructive relationship with the two other Scrutiny Committees as all Committees have taken care in establishing our respective work programmes to avoid duplication and compliment each others work. All Scrutiny Committees considered the same reports on the Council's budget proposals but each Committee focuses its discussion to the proposals relevant to its own specific remit. To avoid duplication and ensure all Committee Members could contribute to the debates, we encourage all our Scrutiny colleagues to attend our meetings.
- 4.4.** Since our last regular report to Council, we have held two meetings on 06 March and 05 April.

06 March 2019

First the Committee considered Revenue Budget Monitoring report which outlined the projected revenue outturn based upon the Month 9 position. In a verbal update, the Committee were informed that the Month 10 report has now been published and will be considered at Cabinet next week.

The Committee heard that the underspend projected in previous reports is sustained and has increased marginally.

In addition to this projected underspend, opportunity has been taken to make a further contribution to reserves and to release some pressure on the need to use Capital Receipts Flexibilities to support the revenue budget. Both of these adjustments will further improve the resilience of the Council and the robustness of the accounts. £1.5m has been moved to reduce the pressure on capital receipt flexibilities.

In addition to the strong grip on the revenue budget and the consistent delivery of

planned savings, the most significant improvements to the revenue account between month 8 and month 9 are the introduction to the monitoring projection of the refund of the Government levy money (£1.031m mentioned in the month 8 report), a range of favourable service forecasts totalling £1.646m (as detailed later in the report) and the release of nearly £0.800m from the contingency. With regard to the latter, it is judged that only £2.000m needs to remain in the contingency for the rest of the financial year to underwrite unexpected financial challenges.

It was highlighted to Members that the £2m contingency fund will remain should there be no call upon it but this could be affected by unpredictable events such as severe weather events and service demands.

Members asked for further explanation of capital receipt flexibilities and it was clarified that this was introduced by the Government in 2016/17 in recognition of the financial challenges faced by local authorities. In order to be eligible for flexibility, a robust business case is required to demonstrate how the flexibility will deliver long-term savings. The Interim Finance Director explained that there was some nervousness about the robustness of some of these business cases, therefore, they are all being reviewed this month. The movement of £1.5m means that we don't have to rely on capital receipts if a business case is found insufficient.

Members questioned what would happen if a business case was found inadequate and it was explained that this would be reviewed on a case-by-case basis.

It was confirmed that this flexibility will not impact at all on the sale of County Farms. Going forward we hope to have less reliance on capital sales so whilst the asset management policy has not changed, the asset team will be able to take more time to ensure the best sale possible.

Members commented that reserve levels are relatively low and questioned what the normal expectation should be. It was explained that there are two elements to reserves: general reserves which are for emergencies and unexpected events; and earmarked reserves which are set aside for anticipated spend. No level is specified for general reserves, but usual levels are 3-5% of the net budget. However, when the level of financial uncertainty is high, it is prudent to increase the levels of reserves to ensure and sustain financial integrity. £15m of reserves would represent around 5% of Somerset's net budget and we would consider this a safe position. We are looking to add to our reserves year upon year until we reach this level.

A Member raised that significant parts of the budget fall within Adults and Children's services and questioned how it would be ensured that they are able to maintain services at the same time as making significant savings. It is anticipated that this will be monitored through the two other scrutiny committees. The Children's Board has also been set up to report through. A lot of work is taking place in this area and this committee will continue to receive regular updates on the financial implications. Looking forward, only a small number of savings will impact on services.

A Member expressed that savings proposals seem more realistic and achievable

now.

Members welcomed the inclusion of graphics within the report and asked for this to be continued in future reports.

The Committee noted the report.

Next the Committee considered a Leisure Services update. The Item began with an introduction from the Director of ECI Commissioning. Members were informed that 1610 Ltd were formed in 2009 following the externalisation of Somerset County Council's in-house leisure services provider.

At this time the County Council entered into a 10-year contract with Somerset Leisure Ltd (1610's original name) to deliver leisure services on its behalf. The contract, referred to as the Funding and Service Level Agreement, was signed to deliver community leisure services from dual-use sites at a number of school settings. This contract is now due to expire on 31st March 2019.

During the 10-year period of the contract 1610 have diversified their operations effectively and have grown as a business into becoming one of the largest and most respected leisure operators in the South West. They have secured contracts with other Local Authorities to run community leisure facilities in Devon and Dorset, have secured a contract via the Building Schools for the Future contract to deliver services from Chilton Trinity and East Bridgwater sites as well as opening a number of other private facilities.

1610 Ltd currently employs over 400 staff and since their formation have provided employment opportunities to thousands of people across the region, some of whom have gone on to have highly successful careers within the leisure sector nationwide. The services delivered by 1610 have given countless groups and individuals, including, through targeted initiatives, those who are traditionally difficult to engage, the opportunity to get and stay active. These actions have played a key part in helping the county attain its Health and Wellbeing outcomes.

The Director of ECI Commissioning then invited the Chief Executive of 1610, Tim Nightingale, who has been at the helm since before 1610's inception, to present a summary of the key achievements of 1610 over the last 10 years to the Committee.

The Chief Executive formally thanked the Council for enabling 1610 to form a company that has been able to be widely appreciated across the county. Lottery funding was used to build leisure facilities but the creation of the Trust model enabled the long-term strategy needed to secure its future use.

At the beginning of the contract, 32% of funding came directly from the Council so this was quickly identified as a risk. The Trust began to invest money into facilities in anticipation of losing funding from the Council with the aim of making facilities self-sufficient. During the first three years, the company focussed on growth, tripling its business and engaged commercially with a range of global partners.

During the middle years, huge financial pressures were faced by the Council and consequently the company was asked to make savings. This situation was tough

but manageable. There were some tensions, but these were worked through as a partnership. The Chief Executive highlighted that pension liabilities were a particularly serious consideration when moving through such a transformation and he urged the Council to consider this in future commercial contracts.

1610 has seen significant membership growth and increased activity at schools although the academy status of schools complicates the contract. The company is now focussing on incorporating technological advances. In partnership, the Council has created a very successful commercial entity which will now continue to operate without subsidy.

A Member questioned the security of jobs within the 1610 community. It was confirmed that 7 of the 12 sites will continue to operate and talks are on-going with Castle School. All staff at Castle School have moved to other roles. Redundancies were kept to a bare minimum and those affected were offered support and other roles wherever possible.

A Member commented that St Dunstan's School will have to pay more to sustain the service with no subsidy and that community groups are having to travel to other facilities which is more expensive. The service is continuing to talk to St Dunstan's about the opportunities. It is more complicated at this site because of safeguarding challenges but there is a small amount of funding available to help with any transformation. There are a lot more leisure operators in Somerset now, so people do have more choices. Where sites are not continuing to operate it is because they are not financially viable. It would need a huge investment in St Dunstan's to make the site viable and solve the challenges around access.

Members queried whether 1610 will continue to liaise with GP's for health referrals. This partnership is still on-going and will continue under a new and focussed model. 1610 is now able to support people with much wider needs than previously.

A Member raised concerns that, although schools are taking over facilities, they cannot use to school funding to continue community provision. In Minehead there is no alternative provision within an hour. Are there other areas with similar access difficulties? Access points are growing exponentially, and we are launching a fitness centre in Minehead. There are operators in virtually every town, but West Somerset is the most rurally deprived area. The member highlighted that the gap in provision is less for fitness facilities and more for specific facilities such as all-weather football pitches and netball courts. It is important to remember that the Council is not statutorily required to provide access to community leisure facilities and where possible schools will continue to lease facilities for community use.

Members suggested that, after the end of the contract, 1610 could publicise where their facilities are and any alternative community arrangements in place.

The Chair formally thanked the Chief Executive and all of the staff at 1610 Ltd for their contribution and congratulated them on the successful delivery of services.

The Committee noted the report.

Finally the Committee considered a refreshed version of the Council's Social

Value Policy Statement.

The Social Value Policy Statement outlines how the Council will embed social value and demonstrates Somerset County Council's commitment to delivering social value benefits through our commissioning and procurement arrangements.

It is a legal requirement (The Public Services (Social Value) Act 2012) for Somerset County Council to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes. The Act requires Local Authorities to consider how the services they commission and procure which are expected to cost more than the thresholds provided for in the Public Contracts Regulations might improve the social, economic and environmental wellbeing of the area.

SCC goes further than the legal minimum and expects social value to be considered as part of the commissioning process every time we buy something (procurement) because we see one of our key roles as helping to ensure value for money (including social value) across whole systems. The Social Value Policy Statement is our public commitment to this and was last updated in 2016. Whilst no major changes are required, and only a few additions are recommended, it is important that we regularly review this document and our commitment. The Committee were asked to consider and endorse the revised Social Value Policy Statement.

Members questioned whether the Council is working with the Local Enterprise Partnership (LEP) and it was confirmed that the Council will continue to ensure that a joined-up approach continues. Members were reassured that social value is high on the LEP agenda too.

Members asked for a plain English version to be made available on the web.

The Committee was reassured that social value is included on decision reports to ensure that it is considered.

Members queried how outcomes are assessed and were informed that work is in place to monitor and measure this. This could be reported back to the Committee once the assessment has been completed. It was noted that some elements are difficult to quantify and demonstrate numerically. Social value already sits very firmly behind the County Vision and is included in contracts but the challenge is how to demonstrate this.

A Member commented that they were not aware of the policy before the meeting and suggested that more could be done to raise awareness with Members and the public. It was recognised that a lot is achieved already but that we need to be better at sharing and celebrating this.

A Member suggested that there is a lot within the paper that could address the Climate Change Emergency and that this should be included in the policy.

A Member questioned whether the weighting attached to social value should be revisited at a higher level.

The Committee recommended the following amendments be made to the policy:

- Work with the LEP to ensure a joined-up approach is taken to social value
- Develop a plain English version for public use/web publication
- Consider how outcomes will be assessed and monitored and fed back to the Committee. Suggestion that this could be included in the quarterly performance monitoring reports received by the Committee
- Consider how to raise Member and public awareness of the policy and demonstrate successes explicitly
- Consider including case studies to demonstrate success
- Consider whether the weighting of social value for procurement should be reviewed
- Add Climate Change Emergency

The Committee noted the report but requested a further update before the November 2019 Full Council meeting to include an update on the amendments suggested and an assessment of outcomes.

05 April 2019

The Committee began by considered a report which provided an update on the Connecting Devon & Somerset Broadband programme.

Since the last scrutiny meeting delivery has continued across the region. Progress is being made in Devon working with Airband in Lot 4. The area is also participating in the national Better Broadband Voucher programme which is due to start next month. Plans are also advancing for the first reinvestment of 'Gainshare' funding working with BT which is expected to deliver additional superfast coverage to a further 2,000 homes and businesses in the hardest to reach areas of Devon and Somerset.

The debate then focussed on the Phase 2 Gigaclear contracts which remains in an uncertain position. Gigaclear are continuing to work on providing a robust and credible proposal to take these contracts forward. This is a time-consuming exercise and exact details have not yet been finalised.

CDS, working closely with the Department for Digital, Culture, Media & Sport (DCMS), with support from local authority partners, LEPs and MPs has been seeking a funding extension which is supported as a priority by DCMS. CDS has had a positive response from HM Treasury and is finalising an agreement for an extension with DCMS as part of their spending review process. CDS is agreeing similar support from other funders. Whilst every effort to resolve the situation with Gigaclear is being made, the programme is also working with DCMS and the LEP to consider alternative options and develop a Digital Strategy for the area.

Gigaclear is continuing to develop acceptable plans for each contract area backed by fully costed analysis of the network delivery options. CDS and BDUK require key reassurances particularly regarding capacity and acceleration of deployment. In response, Gigaclear is investigating further options to improve its operations in Devon and Somerset in light of the significant delays the company has incurred. One of the consequences of the delays is that exact details about which communities will be in the next phase of the roll-out have yet to be confirmed. Gigaclear states it will provide updated information for the public and

stakeholders about its roll-out timetable on its website.

In the meantime, Gigaclear is continuing to build full fibre networks to 31 community areas in Devon, Somerset and BaNES/ North Somerset for CDS providing ultrafast broadband speeds to 6,000 homes and businesses. In addition, the company is also continuing its commercial build which will serve a further 6,000 premises.

It was clarified that Gigaclear is a private limited company. Members questioned how the Gigaclear situation compares with other rural areas and it was confirmed that a number of other areas across the country are struggling to provide broadband infrastructure. This includes Gigaclear and other providers. Nonetheless, the CDS Board have made it clear to Gigaclear that the current situation is unacceptable and more certainty is required in the very near future.

It was confirmed that the voucher scheme has previously been well-received and reasonably successful.

Members questioned how Somerset residents can be clearly informed of what broadband they are going to get, the coverage they can expect and their alternative options. Residents can use the CDS website to locate their property, find their current provision and the alternatives available. It was acknowledged that this is difficult for residents who cannot access the internet but the ability of local government to control the operational choices of a private business is limited.

Members are still concerned that communications is a problem. People need to be kept updated and whilst there has been some improvement with communicating with parishes, this is often sporadic. More details about roadworks and roll-out is needed. It was agreed to feed these comments back to Gigaclear.

Members asked what lessons have been learnt and how we will prevent this situation from happening in the future. It was agreed to provide a written response to this.

Members queried whether Gainshare funding will be targeted at new areas as having multiple companies operating in the same area would be duplicative and a waste of funding. It was confirmed that it is a state aid requirement to undertake an open market review and only areas where there are not already credible commercial plans in place can be targeted. The difficulty is that commercial providers can change their minds. Members were reassured that Gainshare is targeted at areas with no provision.

Member questioned how long a notice period has been given to Gigaclear and it was clarified that a period of time has been afforded in expectation of sufficient progress. Some assumptions that proposals have been based upon have been incorrect which is why it is taking so long and we can't be precise about dates. All options are being considered.

Member questioned the role of the Cabinet Member in providing challenge and raised the importance of his presence at scrutiny meetings. Members were offered assurance that The CDS Board and the Cabinet Member, as a member

of the CDS Board, has been providing robust challenge.

Members queried the number of Somerset residents without connection and that the CDS Board should be reporting this to Scrutiny. The Board is aware of this but the figures will always fluctuate as new premises are built. A link to the most up-to-date information will be sent to Committee Members. Members asked whether the Board works with developers to ensure new properties already have superfast broadband. It was explained that this falls under a planning remit but that there have been conversations about this on a national level.

Members asked whether the CDS Board provides information about other service providers. It was clarified that the Board has to consult with all providers as part of undertaking an open market review and BDUK has to be satisfied of full analysis. However, it is not part of the Board's function to introduce the public to other providers.

It was confirmed that a stakeholder briefing was circulated at the end of March.

The Committee requested the following;

- A summary of the learning which has arisen from the current contract processes.
- Feedback to Gigaclear that better communication is required with communities to explain what is happening and that it may be necessary to go back to communities several times.
- A link to details of the number of premises in Somerset which remained without service and reassurance that the CDS Board also has this information available to them.
- That the Cabinet Member for Economic Development, Planning & Community Infrastructure attends future Scrutiny meetings when CDS is being considered. The Committee were made aware that the Cabinet Member will shortly be attending the next CDS Board meeting. The Committee hoped that more information would be available following this and they invited the Cabinet Member to attend the next Scrutiny meeting to outline the next steps for the CDS programme.

The committee noted the report.

Next the Committee considered the Revenue Budget Monitoring report which outlined the projected revenue outturn for 2019/19 based on actual spending to the end of January 2019 (month 10).

The Committee heard that there has been a continuation of the projected underspend forecast at £1.385m. There has been a small reduction in the uncommitted contingency fund.

Controlling the 2018/19 budget has been a priority of the Council since a projected overspend became apparent in early 2018. The robust control is now producing a more optimistic landscape for the Council, with this projected underspend laying the foundations for a resilient budget and improved reserves

for 2019/20. In light of this, opportunity has been taken to review the strategic risk, ORG0043, to reduce both the likelihood and impact ratings. It has been judged that the risk can be reduced marginally as although the scores remain red (high risk) it is moving in the right direction.

Members thanked officers for the clarity of the report and offered their assistance with regard to Dillington House. Dillington House has a negative reserve attached to it and the Cabinet Member is very focussed on this issue.

Members queried whether the underspend was real and this was confirmed. Multiple things have contributed to this but there may be some requests to carry forward some sums and this will be visible in the report in June. Members questioned whether Councillors could request that some of the underspend be spent on services that have been cut and it was clarified that any carry forward will not be for new projects but for existing projects where there may have been a service delay across financial years.

It was highlighted that the underspend is small in comparison with the overall budget and that the Council is still in a relatively fragile financial position.

There was consensus between committee Members and officers that regular revenue budget monitoring should continue as the Council will need to keep a tight grip on finances for the foreseeable future.

The Committee acknowledged that not all Members understand the finances of the council and a mechanism is needed to improve this. There is a need for additional member training and face-to-face delivery. All-Member briefings have been held previously. Officers will shortly be planning for the next MTFP and, as part of this, will consider how best to engage with Scrutiny and elected Members.

The Committee noted the report.

Following this, the Committee considered the draft Task & Finish Group Protocol and after debate agreed the following amendments:

- Standardise language for 'members' and 'councillors'.
- Clarify that deciding whether an item has merit for establishing a T&F Group lies ultimately with Committee members as T&F Groups are member-led.
- P38 – pluralise 'committee' and 'organisation'.

With these amendments, the Committee approved the protocol and recommended it to the Constitution & Standards Committee.

Next the Committee considered a report which provided an update on the Committee's recommendation to form a Task & Finish Group to oversee the development of an SCC Climate Change Strategy.

That report recommended the formation of a Joint Task and Finish Group between Somerset County Council, Sedgemoor District Council, Mendip District Council, South Somerset District Council and Somerset West and Taunton

Council. It was proposed that the group be comprised of two members nominated by relevant Scrutiny committees from each of the respective Local Authorities.

Conversations have already been held between Somerset County Council Somerset District Councils. Through these conversations, it has been agreed by all parties that it would be most efficient, effective and economic for SCC and all District Councils to collectively develop a single Somerset-wide Climate change strategy. Nominations have been received from each respective Local Authorities for officers to join an Officer Working Group to develop the strategy.

It was proposed that the Member Task & finish group commences in September 2019 with aim to present its final report in Spring 2020. This commencement date allows the officer working group and for any member arrangements following the District elections to be put in place first.

It was highlighted that SCC has a budget of £25k for development of a strategy only and that there is no agreement for any implementation. This shouldn't, however, define or confine the strategy and it needs to be based on outcomes that we wish to achieve. We want to achieve something that can have a big impact and ensure that climate change is considered in everything the council does. A more stable financial base will also enable us to invest more in climate change initiatives.

Following debate, the Committee recommended two amendments to the scope of work:

- Remove lobbying from scope
- Consider a public-facing name for the Group which does not include the word 'finish' as the Strategy will always be on-going in its nature.

Following a closed, named vote, the Committee elected Cllr Tessa Munt and Cllr Bob Filmer as its nominated representatives on the Joint Task & Finish Group.

The Committee noted the report.

Finally the Committee considered a refreshed version of the SCC Business Plan approved in 2018.

The Business Plan is a corporate plan, owned by the Chief Executive Officer and translates the County Vision into strategic outcomes.

Two additional priorities have been added to the section of the Business Plan entitled: Meeting the Council's challenges: sustainability, quality and focus:

- Organisational Re-Design
- Reduce demand for high cost services

A Member commented that pages with a portrait orientation were easier to read and it was explained that, once approved, the Plan will be shown through a website making it more accessible and searchable.

Members queried why there was no reference to earned income. It was clarified that this will be included within financial reporting but officers agreed to consider

whether this could be made more apparent.

Members questioned how high cost services will be defined. This will link into service plans; high cost services tend to fall within adults and children services. We need to move to be a more preventative council. More information about transformation will be available soon and will include themes such as prevention, digital transformation and helping people to help themselves.

Members discussed the benefits of working in partnership with independent schools in Somerset.

Members questioned how best to scrutinise the Plan when there were no timelines attached to it. It was explained that the Plan is a framework and that every decision taken by the Council must reflect the Vision and Business Plan and contribute to it.

The Committee noted the report.

5. Background papers

5.1. Scrutiny Committee reports, agendas and minutes.

<http://democracy.somerset.gov.uk/ieListMeetings.aspx?CIId=184&Year=0>