SWT Corporate Scrutiny Committee - 1 September 2021

Present: Councillor

Councillors Nick Thwaites, Benet Allen, Marcus Barr, Sue Buller, Norman Cavill, Simon Coles, Habib Farbahi, Ed Firmin, John Hassall, Libby Lisgo, Loretta Whetlor and Janet Lloyd

Officers: Paul Fitzgerald, James Barrah, Paul McClean, Andrew Pritchard, Richard Sealy and Alison North

Also Present: Councillors Francesca Smith, Vivienne Stock-Williams and Ross Henley

(The meeting commenced at 6.15 pm)

44. Apologies

Apologies were received from Cllrs Aldridge, Hall and Wren.

Councillor Lloyd attended as a substitute.

45. Minutes of the previous Corporate Scrutiny Committee held on 4 August 2021

The minutes of the meeting held on the 4th August 2021 were approved as an accurate record.

46. Declarations of Interest

There were no additional Declarations of Interest.

47. Public Participation

There was no Public Participation.

48. Corporate Scrutiny Request/Recommendation Trackers

An update was provided in relation to the Planning Phosphates tracker which was read out by the Governance Specialist.

49. Corporate Scrutiny Committee Forward Plan

Bringing forward a review of The Firepool Development to be considered by the Committee following the next All Councillor briefing was requested.

50. Executive and Full Council Forward Plan

The Corporate Scrutiny Committee noted the Executive and Full Council Forward Plan.

51. 2021/22 General Fund Financial Monitoring as at Quarter 1 (30 June 2021)

The Portfolio Holder introduced the item to the Committee.

The report provided an update on the projected outturn financial position of the Council's General Fund (GF) for the financial year 2021/22 (as at 30 June 2021). The position within the current financial year continued to be significantly affected by the ongoing impact of COVID and the pace of economic recovery; and was relying heavily on the reserves prudently set aside to mitigate business volatility and risk. A thorough analysis of additional risks and uncertainties facing the Council had been identified and careful monitoring of these would continue for early indications of emerging financial pressures.

There was currently headroom in general reserves to cover new in-year pressures, this could fall to minimum levels because of estimated costs to implement a unitary council start to develop. It was prudent to retain funding for what would inevitably be unavoidable costs of structural change not currently within budget. This was the first reported forecast to Members at an early stage in the financial year, and whilst best endeavours were used to forecast with as much accuracy as possible, there was previous experience of changes in forecasts each quarter and to year end. Despite this, the Council remains financially resilient and continued to forecast adequate reserve balances at this stage.

The Revenue Budget forecast was projecting an overspend of £237k.

The total approved Capital Budget was £158.7m. The profiled budget spend for 2021/22 was £76.6m. This was currently forecasting a net overspend of £158k.

The unearmarked reserves were projected to be £5.556m which is £3.156m above the recommended minimum balance.

The earmarked reserves closing balance was projected to be £23m.

During the debate the following comments and questions were raised:-

- Collation of parking income was requested along with the projected shortfall with comparison to pre pandemic levels.
- Cash payments could be recorded along with pay on foot, colleagues in the parking team track income which was kept up to date monthly to look at trends and analysis to track data.
- Trends in footfall data could be considered to ensure a view is taken in demands and parking requirements. The committee were reminded that this was still not a typical year due to free park and ride provision and ongoing home working as a result of the pandemic.
- Consideration of future budget setting against an income would require a view to have to be formed in years 2022/23.
- £51k savings from the parking budget was questioned.
- Concerns were expressed that there was no indication in the budget that income targets would not be met and no indication in the loss of parking income.
- The current car parking income figures were consistently around a 30% reduction on the pre pandemic levels.
- Concerns were expressed that reserves would be needed to meet the shortfall in parking income.
- Appendix A compared to the budget agreed in February was considered, with a requested for further information in comparison to the detail of the variances.

- Risks were mitigated as a whole when compared to income lines, allocating contingencies aligned to quarterly reporting.
- The importance of ongoing income and accurate monitoring of this was emphasised by the Committee, members were assured that the levels of risk for car parking was assessed and recognised it may not have been communicated effectively in the past.
- Machines operating ineffectively was a criticism for loss of income in some instances, with reference to Tangier car parking machine.
- The future of West Somerset House was a decision for the Unitary authority which would have a bearing across the Council, the building remained as a Council asset and tenants remained based at the location.
- It was questioned what support from central government would be received to address the shortfall.
- It was questioned what the estimated cost of the Unitary Council would be.
- The Committee were reminded that the Asset Management Strategy was on the Full Council forward plan until the end of the year.
- Parking income had not returned to pre-covid levels and the forecast was for this to remain at least for the rest of this financial year.
- The budget estimate set for the year included historical investment properties.
- An assumed 1.75% provision of the staff pay award was set in the budget.
- There was nothing in the forecast spend setting out the Unitary costs.
- There was risk and uncertainty in the estimates with assumptions needing to be made, there was no certainty in relation to car parking funding beyond the end of the financial year.
- With the end of the National Lockdown it was a reasonable assumption the relief would be on the first quarter but it was considered safe to assume there would be no further relief unless there was an event where further lockdown measures impacted on parking. The shortfall would be met by the Councils own reserves.
- The Asset Management plan continued to evolve but had slowed due to staff turnover.
- The narrative for North Hill, Minehead was questioned. There had been some emergency work with the risk assessed of the continued instability of the rock face with vegetation causing this.
- Exposure to liability was estimated at around £800k outside of the existing budget to undertake the work of stabilising the rockface.
- Work had been delayed due to staffing issues and a qualified surveyor required to undertake the work.
- Future estimation of liabilities of assets in terms of maintenance had been undertaken.
- A report around the future liabilities of assets was requested, it was estimated a joint report would be considered early in the new year.
- The station car park work took up a number of spaces, combined with the new car park it was estimated that this had made some impact on the income.
- When reviewing the future local car parks committee members requested officers consult local ward members for their views.

The Corporate Scrutiny Committee recommended the Executive:
a) review and note the Council's forecast financial performance and projected reserves position for 2021/22 financial year as at 30 June 2021.
b) support the transfer of £1.145m from the Budget Volatility and Risk Earmarked Reserve to contribute towards the estimated shortfall in parking income.
c) approve a budget virement to realign Capital Budgets funded by Better Care Fund grant income.

52. **2021/22 Housing Revenue Account Financial Monitoring as at Quarter 1 (30 June 2021)**

The Portfolio Holder introduced the report.

This report provides an update on the projected outturn financial position of the Council's Housing Revenue Account (HRA) for the financial year 2021/22 (as at 30 June 2021).

The revenue position was under significant pressure as it continued to be affected by the ongoing impact of COVID and operating within an environment of economic recovery. The service had a backlog of responsive and planned maintenance and compliance works to be undertaken. Costs were escalating in terms of materials, staffing, compliance, and servicing costs. Future financial pressures were still to be confirmed in terms of staff pay award, income collection, cost of implementing regulatory changes, and the cost of implementing a unitary authority. A thorough analysis of risks and uncertainties facing the HRA had been undertaken and careful monitoring of these would continue for early indications of emerging financial pressures.

There was sufficient capacity in general reserves to cover new in-year pressures identified to date and the current forecast outturn position. This significantly reduced the HRA's headroom to react to any new pressures that could emerge in this or future financial years.

Whilst best endeavours were made to forecast with as much accuracy as possible, a historical change had been expected in forecasts each quarter and to year end. However, action was required to control spending to ensure the outturn was on or close to budget.

The housing senior management team were working through options to see what could be done to contain the overall position.

The current HRA Revenue Budget forecast is a projected overspend of £610k. The HRA Capital Programme has a total approved budget of £118m. The profiled budgeted spend for 2021/22 is £29m and this is currently forecast to underspend by £7.7m.

The unearmarked reserves were projected to be £2.273m which is £273k above the recommended minimum balance of £2m. The earmarked reserves opening balance was £1.1m. It was proposed that some earmarked reserve balances would need to be returned to general reserves to mitigate in 1 year budget pressure.

During the debate the following comments and questions were raised:-

- It was questioned how levels of rent collections had impacted on the HRA and the how the cut in Universal Credit had impacted this.
- The rent recovery and income team supported customers with advice and communication to support tenants through the pandemic.
- Information had been broken down into arrears which related to Housing Benefit and Universal credit arrears.
- A newsletter was being provided to tenants to provide support to those in arrears.
- The North Taunton Project remained on course for delivery.
- The capital financing requirement had generated a saving due to changes in the right to buy scheme.
- The service charge offset areas of work which contributed to grounds maintenance and communal areas. There were many pressures and repairs and

maintenance costs was a recognised challenge for budget setting, the service charge was based on trends and known costs.
- There had been a revenue forecast overspend of £610k, with the recommendation setting out £869k, information relating to the variance in the figures was requested.
- The staff pay award was included in the recommendations due to the costs being met through reserves rather than budget reductions.

1. The Corporate Scrutiny Committee recommended that the Executive review and note the HRA's forecast financial performance and projected reserves position for 2021/22 financial year as at 30 June 2021.
2. The Executive recommends that Full Council approves the reallocation of £869k of earmarked reserves to general reserves to support the Revenue Budget.
3. The Executive agrees in principle that the final pay award will be funded from General Reserves.

53. **Corporate Performance Report**

The portfolio holder introduced the report.

The paper provided an update on the council's performance for the first quarter (1st April 2021 – 30th June 2021) of the 2021/22 financial year. The report included information for a range of key performance indicators and included the key business risks for the council.

As part of the Councils commitment to transparency and accountability the report provided an update on performance for a number of key indicators. The pandemic continued to have a significant impact and the council's response was being achieved in addition to the regular day-to-day responsibilities.

The table in Appendix 1 included the councils Key Performance Indicators and set out how the council had performed for the first quarter of 2021/22 financial year. For this financial year, the number of key performance indicators had been increased so that more council services were included.

The table included a "direction of travel" arrow to show whether performance had improved, worsened or stayed the same, since the end of 2020/21. The key performance indicators had been aligned to the 4 key themes of the Corporate Strategy.

During the debate the following comments and questions were raised:-

- The average relet time was set at 44 days, the turnaround time was questioned and considered if it could be improved.
- There were two types of voids, minor and major voids. There were more major voids experienced with extensive refurbishment works required such as kitchen and bathroom replacements.
- Average relet times had been 22 days but due to various checks and challenges around staffing some trades had increased the turnaround time with the performance of reletting voids delayed and how services worked collectively across teams. This was also common across housing associations with the sector coping with delays due to staffing and the pandemic.
- It was questioned what engagement was undertaken with the private sector.

- CR11 and cyber security were considered, it was considered this would be a higher priority than other risks due to the threat. Actions were ongoing to reduce the risk in relation to cyber security which had recently been reduced to reflect the position at the end of quarter 1.
- Average call wait times were considered, with a significant improvement experienced in the last two years.
- The Somerset Waste Partnership change in providers was considered along with the means of redress with the performance of the new provider was questioned with more resources used due to the additional volume in calls relating to waste.
- There were provisions in the contract to seek redress where there were service failings. This had been picked up on behalf of all partners and was being perused with negotiations and discussions ongoing with the contractor.
- Additional costs of delivering the service due to Covid and service failings were being considered in conjunction.
- Members were reminded of the Member ICT and Cyber Security briefing scheduled on 6th September and Councillors were encouraged to attend due to the limited attendance.
- More information was requested in relation to the resolution of the issues around phosphate impact and delays on Planning applications.
- It was questioned if the report due to be considered at a future Executive Committee would be an update or a plan to provide a solution to delays in Planning applications due to Phosphates.
- Assurance was provided that work to address the phosphates situation was ongoing and looked encouraging.

The Corporate Scrutiny Committee considered and noted the report.

(The Meeting ended at 8.21 pm)