

Minutes of a Meeting of the Scrutiny Committee - Corporate and Resources held in the John Meikle Room, The Deane House, Belvedere Road, Taunton TA1 1HE, on Monday, 25 November 2024 at 1.00 pm

Present:

Cllr Henry Hobhouse (Vice-Chair)

Cllr Philip Ham

Cllr Martin Lovell

Cllr Peter Seib

Cllr Andy Soughton

Cllr Tony Lock

Cllr Diogo Rodrigues

Cllr Brian Smedley

Cllr Mike Murphy

62 Apologies for Absence - Agenda Item 1

Apologies were received from Councillors Bob Filmer, Lucy Trimnell (Cllr Barry Clarke as sub) and Nick Cottle (Cllr Simon Coles as sub)

63 Declarations of Interest - Agenda Item 2

There were no declarations of interest received.

64 Minutes from the Previous Meeting - Agenda Item 3

Resolved that the minutes of the Scrutiny Committee - Corporate and Resources held on Monday 28th October 2024 be confirmed as a correct record subject to following corrections -

Item 60 - The revised budget gap for 2025/26 is now £88.796m in the central scenario.

Item 60 - Although the reductions in contract inflation assumptions may seem quite ambitious, there is confidence that this can be achieved and will be carefully tracked. Refer to Appendix A of the report for contracts provision.

65 Public Question Time - Agenda Item 4

There were no public questions received.

66 2024/25 General Fund Revenue Budget Monitoring Report - Month 6 (Q2) - Agenda Item 5

Cllr Liz Leyshon, Lead member for Finance, Procurement and Performance introduced the report and asked Nicola Hix, Service Director Finance and Procurement to present the report to members. The Service Director began by explaining that the published report is a combined report for items 5 and 6 of the agenda.

The Service Director identified key areas of focus for the committee as follows:

- The Council is now forecasting a balanced revenue position (on-budget). There is a forecast underspend of £2.419m within Service Directorates for 2024/25. The Corporate contingency of £6.000m remains unallocated, leading to a revenue forecast underspend of £8.479m within budget lines. The £8.479m will reduce the drawdown from Earmarked Reserves to £28.321m which were budgeted to balance the 2024/25 budget.
- There are a large number of recommendations for the Executive, some to note and some to approve.
- The Dedicated Schools Grant (DSG) budget for Quarter 2 forecasts an in-year overspend of £28.259m on the High Needs Block, this is an increased overspend of £2.419m from Month 5. This is significant because the overspend is off balance sheet at the moment, but could be a potential draw on the council's reserves if/when the statutory override is withdrawn by central government.
- In terms of mitigations, there is a focus on Commissioning of suitable Children's Placements including step down.
- MTFP Savings are being underdelivered, at 34%, but we are working very closely with services to improve this.
- Capital Spend: Total spending for 2024/25 is estimated to be £114.166m; Against the reprofiled budget of £119.319m there is a total variance of £5.153m being forecast; slippage of £5.046m and a net underspend of £0.107m.
- Appendix O is new and talks about capital schemes per directorate, slippage, forecast outturn and any changes in budget.

The Service Director, along with the S151 Officer Maria Christofi, invited comments

and questions from members and the following points were discussed:

- There needs to be more detail around capital slippage. Such as specific projects, reasons for slippage, how does capital slippage compare year on year, and the Service Director advised that this level of detail would be brought to the committee in the next report.
- The Council is preserving its financial resilience by using its reserves.
- Regarding the high collection rates, it is difficult to compare with other authorities because all authorities have their own targets.
- Regarding outstanding debt position, we are expected to collect 100% of that debt but some debt will be under a Bad Debt Provision.
- Regarding capital slippage profiling, we need become better at slipping money into the correct financial year, as opposed to slipping it to the following financial year.
- As a council we need to make sure we maximise opportunities (such as inward investment, growth, environmental) whilst we take care of those who need our support.
- The dedicated schools grant is one of the biggest risks in the forecast outturn, and if the government does not extend the statutory override we will be in a Section 114 position. The Council is taking steps to address this.
- Any savings that are at risk or unachievable will be replaced with a substitute savings proposal agreed publicly by the Executive.
- In cases where underspends are caused by services currently under performing, the council analyses and tracks those that are one-off or ongoing to ensure spend forecasting is accurate.
- Regarding the graph in Appendix E Residual waste, it is not made clear that a reduction in waste collected was the result in a reduction in service/collection days.

The committee had no specific recommendations for the Executive, it noted the report, management actions and the recommendations to the Executive:

- a) Notes Council is now forecasting a balanced revenue position (on-budget).
- b) Notes the total Council Revenue forecast underspend of £8.479m for the year. There is a forecast underspend of £2.419m within Service Directorates for 2024/25 and the Corporate Contingency of £6.000m, whilst remains unallocated it has been released into the forecast outturn within budget lines Table 1.
- c) Note that the planned use of reserves of £36.800m for Medium Term Financial Plan (MTFP) Support towards the budget is forecast to reduce by of £8.479m to £28.321m, due to the forecast underspend within budget

- lines.
- d) Agree that mitigating actions are to be identified in order to reduce any overspends, to take action and to contribute to the long-term financial sustainability of the authority.
 - e) Agree that the Council continues with the aim of avoiding a Section 114 notice by taking all of the necessary actions and continuing to operate as if one has been issued.
 - f) Note the progress and delivered savings of £13.114m of the approved savings programme as set out in Table 2 and Appendix J.
 - g) Notes that work will continue to find mitigating or substitute savings for the £0.432m of Red unachievable savings, deliver the £5.142m Amber at risk savings and the £20.189m Green on track savings.
 - h) Note the in-year forecast overspend on the Dedicated Schools Grant of £28.259m, an increase of £2.419m from Month 5 (in paragraph 14).
 - i) Note the total forecast Dedicated Schools Grant year-end deficit of £64.199m as set out in Appendix C.
 - j) Note the collection rates for Council Tax and Business Rates as set out in paragraph 24.
 - k) Note the quarterly update on the prudential indicators detailed in Appendix L.
 - l) Note the outstanding debt position as detailed in Chart 3 and Appendix M.
 - m) Note the level of General Reserves is £52.4m (risk-based assessment – minimum £30m, maximum £60m).
 - n) Approves the additional Quarter 2 capital slippage of £75.690m into future years
 - o) Approves £22.123m of externally funded additions to the capital programme, as detailed in Section 34 of this report.
 - p) Notes £2.708m of virements within the capital programme, as shown in Appendix O.

67 2024/25 General Fund Capital Budget Monitoring Report - Q2 - Agenda Item 6

See minutes at item 5.

See decision details at item 5.

(Items 5 & 6 are presented in a combined report)

68 2024/25 Housing Revenue Account Revenue & Capital Budget Monitoring Report - Q2 - Agenda Item 7

Cllr Liz Leyshon, Lead member for Finance, Procurement and Performance introduced the report and asked Nicola Hix, Service Director for Finance Procurement and Performance to present the report to members.

The Service Director referred members to the headline figures and asked members to note that this report is presented in the same format as the previous report for consistency in finance reporting. She invited comments and questions, and the following points were discussed:

- The differences in the number of write-offs between the two landlord operating models is partly caused by the In-House service recently undertaken a review of aged debts from former tenants and identifying a significant number of write-offs where debt recovery attempts had not reached a satisfactory conclusion.
- Slippage on the social housing development schemes is expected when schemes are delivered over a number of years.

The committee had no specific recommendations for the Executive, it noted the report and the recommendations to the Executive:

- a) Notes the Housing Revenue Account forecast overspend of £1.717m for 2024/25, the mitigations actions in the report and the impact on the HRA General Fund Reserve of this overspend.
- b) Agree to take further mitigating actions to pull back the forecast overspend for the next quarter and by outturn.
- c) Notes the forecast outturn position of the Capital Programme of £55.172m for 2024/25.
- d) Approve slippage of £37.723m into future years. e) Notes the Capital virements in paragraph 27.

69 Corporate Performance Management Report - Q2 - Agenda Item 8

Cllr Liz Leyshon, Lead member for Finance, Procurement and Performance introduced the report and asked Sara Cretney, Service Director for Strategy and Performance to present the report to members.

The Service director took members through the report, highlighting key areas of focus for the committee as follows:

- These are interim measures that have been in place since vesting day and the measures are under review to ensure that the Council is measuring what matters.
- National indicators (labelled as NI) are the statutory returns that we are required to report to central government.
- This report has been produced through the new performance and risk management system Ideagem.
- The Performance Risk and Budget Board are now undertaking targeted deep dives and are identifying additional measures. A programme of further deep dives are planned throughout the year.
- This report now includes housing measures from Homes in Sedgemoor.
- Since this report was published the indicator for substance misuse is now amber as the number of adults in treatment is increasing.
- There is a lag in data for the 'Not in education or training' indicator, but this data should come through in the next quarter.

The committee reviewed the report, the management actions and noted:

- The committee is asked to review the performance information provided within appendix A, and in particular, the narrative relating to performance this quarter.

The committee voted in favour of an additional recommendation:

- For each scrutiny committee to review the Quarter 2 2024/25 performance monitoring report, and future performance monitoring reports, and to report back to the Scrutiny Committee - Corporate & Resources with any specific recommendations on additional management actions or other mitigations and scrutiny committee forward work programmes amended to reflect this.

70 Improvement and Transformation Programme Update - Agenda Item 9

Cllr Theo Butt-Phillip, Lead Member for Transformation, Human Resources and Localities introduced the November update report to the committee and invited Louise Routley, Digital Programme Manager to present the report to members. She invited comments and questions from members and during the discussion the following points were raised:

- Primary focus is on the work force programme and council restructure.
- The current restructure consultation closes on the 7th of December 2024 and

is open to all staff and members.

- Following feedback from Scrutiny, all risks are now being reviewed monthly.
- Risk 009 - Loss of staff knowledge. Correction - the inherent risk score should be 25, not 15. The use of the knowledge transfer toolkit is not mandatory but has been heavily promoted.
- Whilst progress is being made in some areas, there are some concerning risks scores including;
 - Risk 008 – Insufficient resource to deliver business as usual - The score has stayed the same which is to be expected whilst the council is under restructure and carrying vacancies. We would expect to see this score improving by the Spring of 2025.
 - Risk 005 - Motivated workforce – The risk has increased which is to be expected whilst staff are going through such an unsettling period of change, but we would expect to see this score improving by the Spring of 2025.
- There are no new risks during the reporting period.
- No risks have been closed during the reporting period.
- There is a very serious risk that the proposed staff structure in Democratic Services and particularly the Scrutiny Function will have a detrimental impact on democracy and decision making at this Council.
- There is work being done to link performance reporting with risk management.

The committee reviewed the report, the management actions and noted:

That Corporate and Resources Scrutiny Committee:

- Note the progress made in the month from 12 October – 8 November 2024.
- Note the current assessment of programme risks which includes those with a score of 16 or higher that may arise during the change process, along with the status of actions to mitigate these risks, as detailed in Appendix A.

71 Council Tax Reduction Scheme for 2025/26 - Agenda Item 10

Cllr Liz Leyshon, Lead Member for Finance, Procurement and Performance presented the report, informing members that the Council Tax Reduction Scheme is reviewed annually ahead of budget setting because of the specific requirements of the billing authority. She talked members through the proposed changes to the criteria as follows:

1. Reduction in the discount bands to 100%, 50%, 25% and 10%

2. Introduction of non-dependant deductions of £10.00 a week for each non-dependants.
3. Limit eligible Council Tax charges to Band D equivalents in the calculation of CTR entitlement.
4. Reduce the period of backdating a CTR claim to 3 calendar months.
5. Increase income bands by the September 2024 rate of CPI (1.7%).
6. The funding for Care Leaver, Foster Carers and Special Guardianship discounts to be funded through the EH scheme

She invited comments and questions from members and the following points were discussed:

- There needs to be better advice for claimants regarding entitlement and when and how people should declare non-dependants.
- It is crucial that we put in place mitigations (i.e The Exceptional Hardship Scheme) for the most vulnerable households that are impacted and who will see a reduction in their CTR discount because of these changes.
- The averages used throughout the report are 'mean' averages.
- If the council is served with a Section 114, the discretionary aspects of this scheme will be reviewed again.

The committee noted the report and the recommendations to the Executive:

1. Agree and recommend that Full Council approve the CTR and associated EH scheme for 2025/26 as set out in this paper.
2. Agree and recommend that Full Council approve the increase to income band thresholds by the September 2024 CPI rate of 1.7% in line with the percentage increase to state benefits as implemented by the Department for Work and Pensions (DWP).

The committee voted in favour of an additional recommendation as follows:

3. For the Scrutiny Committee - Corporate & Resources to receive an update regarding the impacts on people with protected characteristics from the final Council Tax Reduction Scheme 2025/26, the details of the take up of the Exceptional Hardship Scheme and the planned mitigations by summer 2025 ahead of consideration of the proposed Council Tax Reduction Scheme 2026/27

Cllr Liz Leyshon, Lead member for Finance, Procurement and Performance advised that this policy in it's entirety is driven by the government and is presented to Scrutiny to note only.

There were no questions or comments from members of the committee.

The committee had no specific recommendations for the Executive, it noted the report and the recommendations to the Executive:

The Executive agree and recommend to Full Council:

1. That the Non-Domestic Rating Discretionary Rate Relief and Hardship policy is amended to prevent Private Schools from applying for assistance in anticipation of the changes to the Local Government Finance Act 1988. The recommended wording is to be found in Appendix D of the policy and states: 'The ratepayer must not fall within the definition of a Private School. For business rates purposes, 'Private Schools' are defined by HM Treasury as schools at which full time education is provided for pupils of compulsory school age where fees are payable.'
2. To delegate authority to the Council's Section 151 Officer in consultation with the Monitoring Officer to make any additional amendments as necessary to ensure the wording aligns with that Act once such amendments come into force.
3. To reduce the relief percentage within the policy for Retail, Hospitality and Leisure sector for 2025/26 from 75% to 40% as a result of changes to Central Government policy.
4. To end Local Newspaper Relief in line with Central Government policy

73 Budget Options 2025/26 Onwards - Agenda Item 12

Cllr Liz Leyshon, Lead Member for Finance, Procurement and Performance introduced the Budgets Options 25/26 Onwards report and asked the S151 Officer Maria Christofi to present it to the committee.

The S151 Officer took members through the report in detail, explaining the reasoning and rationale behind each of the recommendations that are being made to the Executive.

She referred members to the savings proposals in Appendix A and invited comments and questions from members, of which there were none.

The committee had no specific recommendations for the Executive, it noted the

report and the recommendations to the Executive:

- a) Agree the new Budget Savings for 2025/26 of £43.950m as set out in Appendix A.
- b) Agree the substitution of the £9.000m saving in 2025/26 as per paragraph 22.
- c) Note the revised 2025/26 budget gap of £53.846m after taking into account the proposed savings and substitution.
- d) Recommend the savings and substitution to Full Council.
- e) Agree that the Council continues with the aim of avoiding a Section 114 notice by taking all of the necessary actions and continuing to operate as if one had been issued.

74 Forward Plan 2024/25 - Agenda Item 13

Scott Wooldridge, Head of Governance and Democratic Services referred members to the Forward Plan and advised that the next meeting in January (date tbc) will have a key focus on in-year budget monitoring and further updates on the improvement and transformation programme.

The committee considered the Forward Plan and had no amendments or additional items for inclusion and consideration. It was highlighted that the date of the next committee meeting was being reviewed.

(The meeting ended at 4.40 pm)

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CHAIR