

Meeting of the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Tuesday, 19 November 2019, 10.30 am

Committee Members present

Councillor Bob Adams
Councillor David Bellamy
Councillor Phil Dilks
Councillor Graham Jeal (Chairman)
Councillor Philip Knowles

Councillor Annie Mason
Councillor Charmaine Morgan
Councillor Mark Whittington (Vice-
Chairman)
Councillor Linda Wootten

Cabinet Members

Councillor Barry Dobson, the Deputy Leader of the Council and Cabinet Member for Housing
Councillor Adam Stokes, Cabinet Member for Finance
Councillor Rosemary Trollope-Bellew, Cabinet Member for Culture

Other Members

Councillor Ashley Baxter
Councillor Paul Wood

Officers

Director of Finance (Richard Wyles)
Strategic Director, Transformation and Change (Lee Sirdifield)
Strategic Director, Commercial and Operations (Gary Smith)
Head of Financial Services (Alison Hall-Wright)
Assistant Director, Housing (Harry Rai)
OD and Change Manager (Victoria Brackenbury)
Scrutiny Officer (Zena West)
Democratic Officer (Naomi Page)

35. Apologies

There were no apologies received.

36. Disclosure of interests

No interests were disclosed.

37. Action notes of the meeting held on 5 September 2019

The action notes of the meeting held on 5 September 2019 were agreed as an accurate record, pending the following amendments:

- Action point, page 11- The Cabinet Member for Finance was asked to consult with the Deepings District Councillors, rather than the Parish Councillors, regarding the Deepings Special Expense Area
- Page 8, first bullet point- Councillor Morgan wished for the additional point to be made that herself and other Members expressed a strong objection to the reduction of the affordable housing requirement in the urban area of Grantham to 20%

38. Update from previous meeting

Members enquired whether the update on Disabled Facilities Grant funding had been circulated to the committee, as some Members had not seen the information. Officers confirmed that this would be looked into and sent out following the meeting.

Action Point

- **The Disabled Facilities Grant update to be circulated to Members of the Committee**

Members also asked about the information requested on the final account of the Bourne CiCLE festival. It was confirmed that this information would be available at a workshop open to all Councillors organised by the Culture and Visitor Economy Overview and Scrutiny Committee. An invitation to this workshop would be sent when the date had been confirmed. Some Members commented that if the Finance, Economic Development and Corporate Services Committee had requested information, this information should be provided even if other Committees were looking into the subject. The Chairman confirmed that this should be the case in future.

The Environment Overview and Scrutiny Committee would be addressing the item referred to it regarding the percentage of household waste sent for reuse, recycling and composting at its next meeting.

The workshop relating to the new Performance Framework had been held on 7 October 2019. The feedback received from Councillors at this workshop would be taken into consideration when developing the performance dashboards the Committee had requested.

39. Finance Update Report- quarter 2 2019/20

The Cabinet Member for Finance presented his report outlining the Council's forecast financial position as at the end of quarter 2 of 2019/20. He referred to the tables and appendices within the report, which gave information regarding the current 2019/20 budget and the forecast variances for the Revenue Budget General Fund, the Housing Revenue Account, the General Fund Capital Programme and the HRA Capital Programme. Members were asked to review and note the forecast outturn position at this point in the financial year and to ask any questions that had arisen from the information provided.

A Member enquired as to whether the vacant cinema project A3 sites had impacted the Council's forecast outturn position. Officers explained that rental income from the A3 sites had not been factored into the 2019/20 budget and therefore had not affected the Council's financial position at this point.

Members asked for an explanation of the shortfall in corporate procurement savings, which showed a forecast variance of £250k at the end of quarter 2. Officers confirmed that although a saving of £300k had been budgeted for the 2019/20 period, it was anticipated that only £50k would be saved in relation to corporate procurement. A Procurement Officer had been recruited during the year and the focus of this role had been reviewing current arrangements and contracts and putting into place updated procurement processes, in order for further savings to be made in this area moving forward. As contracts were time-bound in nature and spanned all Service Areas, it was noted that achieving further procurement savings would be a gradual process.

Officers were asked what arrangements were being put into place to rectify the areas not currently meeting their budgets, and what lessons could be learned from the significant variances highlighted in table 1.3 moving forward. It was explained that although there were significant variances, the Council was on track to meet the majority of the budgetary targets. Reference was made to changes in market trends and other external factors exposing budgets to volatility. It was also recognised that some of the 2019/20 budget and savings targets had been ambitious. The areas that had caused the most significant variances would be either removed, updated or reviewed as part of the 2020/21 budget setting process. The 2020/21 budget proposals would be undertaken with a more realistic approach, in order for the proposed budgets to align more closely with the reality of which savings and targets could be achieved in the next financial year. Any changes made would need to be offset with corresponding entries to ensure that the Council achieved a balanced position overall.

One Member asked how employment agency costs were accommodated within the budget. It was explained that agency spend was not a budgeted item and that the service area budgets for permanent staffing were used to secure temporary agency support, working within the existing budget for the vacancy. In instances such as maternity leave or long term sick leave where the cost of an agency worker would be in addition to the salary paid to the employed member of staff, the individual directorate would need to consider the whole of the responsible area and realign budgets elsewhere to cover these costs.

A question was asked regarding staff salaries and if there was the intention for the Council to increase these to be more comparable with neighbouring authorities. Officers highlighted an exercise currently being undertaken to review the pay structure and look at the potential for a broader reward package to be introduced. This work would be completed in December and taken to the Employment Committee for consideration in the new year.

Attention then turned to the income variance in relation to car parks in Grantham; Members queried the assumed budget increases that had not been achieved and whether this corresponded with the decision not to have increased parking charges. The budget had been set based on the assumption that there would be increased usage of car parks in the town centre, but this demand had not materialised. The Chairman reminded Members that car parking would be considered in further depth as part of the Committee's Work Programme.

Recommendations

- **The Committee supports the principle of incorporating more realistic targets and savings in the 2020/21 budget setting process**
- **The Committee would like to see a more in-depth explanation of unmet targets at the end of quarter 3**

40. Quarter 2 performance

The Strategic Director, Transformation and Change introduced the Leader of the Council's report, which gave an update on performance reporting for quarter 2 of 2019/20. Most of the key performance indicators were meeting targets, with three achieving marginally below their targets. An update was given regarding the development of the new performance reporting dashboards. Two were included as appendices to the report and a further three were being created and would be ready to present at the next meeting of the Committee. The intention was for the dashboards to explain trends and benchmarking when available, as well as the implications of the performance level achieved. Members were asked if they had any questions regarding the information included in the reports or the documents appended to it.

Members asked for further explanation of the performance indicator in relation to the percentage of Council Tax collected, which was at amber status. This was attributed to an increase in Universal Credit claims in the District, which was now a full Universal Credit area. It was explained that when Universal Credit was granted to a claimant, the Council recalculated their entitlement to Council Tax Support. Following this recalculation, a statutory period was required before the next instalment of Council Tax could be taken, causing payment dates to be pushed back. The performance profiles were set at the beginning of the year based on historical trends. This profiling was refreshed and reviewed on an on-going basis. One Member asked how the Council were ensuring that vulnerable Council Tax payers were not being put at risk of homelessness when Council Tax was collected. Officers explained that although enforcement measures were taken for persistent non-payment of Council Tax, there was a discretionary scheme available for benefit claimants with eligible circumstances to apply for support in meeting rental costs.

Attention then turned to the performance indicator measuring the percentage of Non-domestic Rates collected. This indicator was at red status at the end of quarter 2. One of the reasons behind this was increase in rates payers selecting the option to pay over twelve months rather than ten; this affected the profile of payments over the course of the year. Members asked if vacant retail units had an effect on the amount of Non-domestic rates collected. It was explained that empty units did not have a significant impact on collection rates as they were subject to an unoccupied property rate after a three month period. Officers were thanked for providing a breakdown of the occupancy rates of retail units by town centre as shown in Appendix 2. Members asked what measures could be put into place to encourage new business into Grantham town centre. Business engagement schemes were being undertaken by InvestSK to help encourage new businesses into the town centre. There had also been two major bids made for funding to support these endeavours via Historic England and the Future High Streets Fund. Discussion ensued regarding what other initiatives could encourage an increase in occupancy rates of retail units and promote Grantham town centre. The Chairman felt that this item should be considered in further detail at a future meeting of the Committee.

Action Point

- **Grantham town centre business occupancy and survival rates to be added to the Finance, Economic Development and Corporate Services OSC work programme**

Members referred to the performance measure relating to the number of households on the top four priority bands of the Housing Register. It was noted that the figure had reduced by over 10% from the July figure to the September figure. Members asked how this reduction had been possible. Officers explained that the number of households on the Housing Register is subject to continual fluctuation due to a number of factors. Some of these

households would have been allocated a property; other households may no longer have a housing need. Housing register applicants were required to complete a form annually from the date of their initial application confirming if they still wished to remain on the register. If households did not respond to the letter, they would be removed from the register. Members asked why the figures provided were only in relation to the top four priority bands. Households in bands below the top four were considered to have an aspirational housing need, rather than a priority need, but figures for all bands could be provided for the Committee. Members also mentioned that they would like to see figures from the previous year in order to make comparisons.

Action Point

- **Figures for the number of households in bands 4 and 5 of the Housing Register to be provided to the Committee**
- **Figures for the number of households on the Council's Housing Register to be provided for 2018 in order for comparison to be made**

Members noted that the number of fly tipping incidents in the District had increased, and requested information providing the number of prosecutions that had been made in this area. A further explanation of how food hygiene ratings were assessed was also requested.

Action Point

- **Officers to provide figures stating the number of prosecutions made regarding fly tipping in the current financial year**
- **Further information outlining how food hygiene ratings are measured to be circulated to the Committee**

One Member queried why the performance measure for the percentage of household waste sent for reuse, recycling and composting was identified as meeting its target if the percentage value was below the target set. It was explained that there was a 2.25% variance level providing a parameter by which a measure could be considered sufficient to meet the target. It was suggested that in future reports, wording should be amended to reflect when a performance measure had not numerically met its target.

Recommendations

- **Figures from previous years to be included in future performance measure reports, to provide context and comparison for the information provided**

41. Fees and Charges - Charging Policy

The Cabinet Member for Finance introduced his report on the Charging Policy. The policy contained specific principles to be considered during the fees and charges process, acknowledging that specific requirements would be unique to each Service Area. Along with Council Tax and Non-domestic rates revenue, fees and charges were an important element in securing Council funding as government funding continued to decrease and the Council was required to become increasingly self-sustained. In order to be effective, consistency was required in the fees and charges process; there had been examples previously of charges not keeping pace with market trends and demands, but it was intended that this policy would provide clear visibility and understanding for future annual budget cycles. A programme of work was being undertaken to support this policy by systematically reviewing current fees and charges. Members were asked if they had any questions relating to the report and the appended Charging Policy.

A further explanation of the full cost recovery principle was requested. It was confirmed that the Council was not legally permitted to make profits, but it was prudent to attempt to recover full costs as standard procedure. One Member stated that this principle would need to be adopted with caution, in order for due care to be taken that the Council was still meeting its Strategic Objectives in the fees and charges process. Officers reassured Members that there was scope within the policy for subsidised services to be provided as appropriate. Each case would be considered in its own merit in order for the Council to continue to provide a financially viable service whilst also achieving its Strategic Objectives.

The Chairman asked why the policy had been developed. There had been a fees and charges strategy in place since 2012, but it was being reviewed and built upon as a key part of the Council's funding mechanism moving forward. It was not a legal requirement to have a Charging Policy in place, but it was considered to be beneficial in order to create a consistent approach across all Service Areas. The Chairman also queried how the 30% overhead recovery rate figure had been calculated, and requested evidence to support this.

Recommendations

- **That the Charging Policy be presented to Cabinet for consideration**
- **Evidence supporting the 30% overhead rate figure to be provided to the Committee**
- **Officers to consider whether the policy could be expanded upon to give more specific guidance**
- **Further information to be provided to Members outlining which services were currently subsidised**

42. Additional meeting

The Committee agreed to hold an additional meeting on 27 November 2019 at 9.30am in order to consider the Future Leisure Management Options item.

43. Work programme

The Chairman informed the Committee that the date on the April meeting was likely to be amended. Members would be informed when alternative arrangements had been confirmed.

44. Any other business, which the Chairman, by reason of special circumstances, decides is urgent

No further business was discussed.

45. Close of meeting

The meeting closed at 12:25.