

Finance, Economic Development and Corporate Services Overview and Scrutiny Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Tuesday, 28 July 2020 at 10.30 am
Virtual meeting - This meeting is being held remotely using
Skype for Business

Committee Members: Councillor Graham Jeal (Chairman)
Councillor Mark Whittington (Vice-Chairman)

Councillor Bob Adams, Councillor David Bellamy, Councillor Phil Dilks, Councillor Philip Knowles, Councillor Charmaine Morgan, Councillor Linda Wootten and Councillor John Dawson

Invited Cabinet Members Councillor Kelham Cooke, the Leader of the Council
Councillor Adam Stokes, the Cabinet Member for Finance and Resources

Agenda Supplement

Virtual Meeting - Joining Arrangements

Councillors should access the meeting using the link in their calendar. Members of the press and public can gain access to the meeting by using the following link:

[Finance, Economic Development and Corporate Services Overview and Scrutiny Committee – 28 July 2020](#)

If you are using a smartphone or tablet it may be necessary to download the Skype for Business app before you can enter the meeting; please allow yourself time to do this. If you are using a laptop or desktop computer, you should be able to access the meeting via your web browser. When you follow the link to the meeting you will enter a virtual lobby; you will be invited into the meeting from the lobby just before the meeting begins. Members of the public should not use the Chat function in Skype for Business. This is for use by Councillors, who will use it to indicate that they would like to speak.

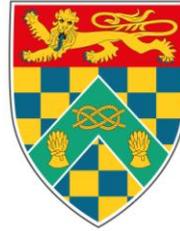
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4. Action notes of the meeting held on 30 June 2020

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



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Tuesday, 30 June 2020, 10.30 am

Committee Members present

Councillor Graham Jeal (Chairman)
Councillor Mark Whittington (Vice-
Chairman)
Councillor Bob Adams

Councillor John Dawson
Councillor Phil Dilks
Councillor Philip Knowles
Councillor Linda Wootten

Cabinet Members

Councillor Kelham Cooke, Leader of the Council
Councillor Barry Dobson, Deputy Leader of the Council
Councillor Robert Reid, Cabinet Member for Housing
Councillor Adam Stokes, Cabinet Member for Finance and Resources
Councillor Rosemary Trollope-Bellew, Cabinet Member for Culture and Visitor
Economy

Officers

Chief Executive (Karen Bradford)
Strategic Director Growth (Paul Thomas)
Strategic Director Transformation and
Change (Lee Sirdifield)
Manager (Vicky Brackenbury)
Performance Lead (Clare Milner)
Performance Lead (Ben Russell)
Interim Director of Finance (Richard
Wyles)
Head of Financial Services (Alison Hall-
Wright)
Head of Regeneration and Visitor
Economy, InvestSK (Liz Bates)
Organisational Development and Change
Scrutiny Officer (Zena West)
Elections and Democratic Support Officer
(Jack Gardner)

Other Members present

Councillor Ashley Baxter
Councillor Jacky Smith

Remarks from the Chair

The Chair requested a written response from the Chief Executive regarding late distribution of meeting agendas, including solutions for how Councillors can receive reports in a timelier manner in future.

(Note: Due to technical issues the Chief Executive was not able to answer the Chair's questions at the opening of the meeting, but later responded to the Committee's questions on the timeliness of the agenda)

The Chief Executive replied that going forward timely information needed to go out to members and understood that large reports take time to examine. The Corporate Management Team would take on board comments from the committee. Electronically, the agenda pack was available from 22 June for members to access. Hard copies did not arrive on 23 June as expected, due to late reports and Covid-19 causing closure of council offices on Tuesdays, so the hard copies could not be printed until 24 June, for arrival with Members on 25 June.

Action:

A written response from the Chief Executive would be provided, outlining steps taken to ensure agenda packs were received in a timely manner.

69. Comments from members of the public

No comments were received from members of the public.

70. Register of attendance, membership and apologies for absence

Apologies were received from Councillor David Bellamy and Councillor Charmaine Morgan was not present.

71. Disclosure of interests

No interests were disclosed.

72. Action notes of the meeting held on 26 May 2020

The action notes of the meeting held on 26 May 2020 were agreed as a correct record.

73. Updates from previous meeting

A member questioned the membership of leisure centre working groups and asked for an update on the working groups or if they had been abandoned

since the last meeting. He went on to ask if the list of recreation grounds assets requested at the February meeting could be circulated to other Councillors, as well as to Committee members.

Actions:

A written response on the status of the leisure centre working groups to be provided

A list of the location of SKDC-owned recreation facilities within the district to be provided to committee members and Councillor Baxter

74. Outturn Report 2019/20

The Cabinet Member for Finance and Resources introduced the outturn report and asked the committee to review the outturn and to recommend to the Governance and Audit Committee that the position be approved.

The Interim Director of Finance gave additional detail on the report. He reminded members that the report was the fourth and final report in respect of the financial year 2019/20 that had been presented to the Committee. Members had been notified at the September 2019 meeting that a £465,000 deficit was forecast, and the Council had instigated interventions that have been undertaken for the period covered by the report. Members and officers had made great efforts to ensure that a balanced outturn for the General Fund had been achieved and all the information in the report would be subject to audit and incorporated into the statement of accounts. The committee were notified that the report would be subject to this committee's approval and would then be presented to Cabinet on 7 July 2020 and then to the Governance and Audit Committee on 13 August 2020. Members were asked to review the proposed budget carry forwards as unrequired ones could be used to reduce the financial impact of Covid-19.

Members were informed that some areas had fared better than others but overall most directorates had kept within budgets. Going into the financial year 2020/21 the Council were in a good position without relying on reserves. The Interim Director of Finance referred to a one-off financial windfall from renewable energy receipts from business rates. This was because the council was eligible to receive 100% of any receipt of renewable energy and there had been an increase in renewable energy in the district. He gave a summary of what had happened at the directorate level and that since the last report presented in February 2020 the Council was in a relatively good position with a few minor variances. He outlined some of the factors that can cause a variance such as non-cash items, which were also detailed further in the appendices to the report.

Members heard that the General Fund income streams had performed well and that there had been limited impact of Covid-19 in the 2019/20 financial

year. The impact was largely in the current financial year. The committee were asked to note that in respect of significant income streams, there was a 4.4% variance compared to budget which was positive considering the volatility of the areas represented. In terms of capital, both capital programmes had significant lower outturn expenditure compared to budget, but the relevant explanations were detailed in the report. In terms of the General Fund there was postponement on the Commercial investment plans in order to allocate the budget towards the funding of the emerging leisure investment programme. The Capital Reserves were insufficient to fully fund capital expenditure, so the revenue local priorities reserve was also utilised to fund capital schemes. This would need to be kept under review as the revenue reserves would become more important to deal with the adverse impact of the Covid-19 pandemic on the Council's finances. The working balance was a provisional figure as the outturn of the Lincolnshire Rating was yet to be finalised. The Housing Revenue Account had performed strongly during the financial year and a surplus was budgeted for in the current financial year in line with the Housing Revenue Account 30-year plan. This was helping to fund the capital programme and it would help the house building programme. The Housing Revenue Account capital programme did not deliver as expected, with an underspend of £9.4 million pounds. The Committee heard that this was due to the building plan being redeveloped for the year going forward. They heard that this had not compromised the authority as short-term investments were used instead of longer term. Questions and comments were invited from Members.

A Member commented that the outturn report was signed off on 16 June 2020 so questioned why members could not have received this sooner. Members also questioned whether savings ambitions that had been set in the previous financial year were realistic. The Director agreed that some of the ambitions for savings had been ambitious and the budget for 2020/21 would be more achievable. Members questioned the Director as to his statutory responsibilities as Chief Financial Officer in ensuring a prudent budget and how this related to not having overly ambitious hopes for savings in future. The Director explained that there had been a £1.9 million program of savings within the 2019/20 budget, and initially there had been £1 million of saving planned for the 2020/21 budget, but this had dropped to £500,000 considering Covid-19. Modelling was based on £500,000 but the council was still working to meet the initial £1 million saving. The Director stressed that the prudent course for the council was to assume £500,000 in savings. The Cabinet Member for Finance and Resources added that last year's savings were ambitious but not unrealistic, and that this year's ambitions would be more realistic in line with Covid-19's impact on the nation and the council.

A Councillor asked about the disabled facilities grant and the corresponding underspend which had differing figures in the report and asked for a clear figure to be provided. The Director replied that the finance for these grants was divided between the Capital Programmes and Revenue funds. This meant that revenue costs were coded to one account and capital costs to

another. Councillors went on to ask about payment for the fit out of the Savoy Cinema as well as the university centre and requested clarification on the funds allocated. The Director informed members of several elements of funding used. The one-off fit out contribution was part of the lease arrangement with Savoy and the funding of the university fit out was part of the arrangement for bringing that facility into use, with Local Priority Reserves used to fund the work.

Some Councillors were concerned that they may have to abstain from voting on this item as they felt they had not had time to scrutinise the reports. Members questioned depreciation being charged to services and not charged to the assets and were informed that this is correct, but the charge is included in the report under the service line. The Director reminded members of the non-cash items which explain the distorted variances. The committee questioned if there was a simplified way of presenting this information to laypeople and members of the public which could be more helpful going forward.

A Member questioned what income the council could expect to receive on investments and spoke of their understanding that the economic situation made it difficult to estimate on these investments. The Director replied that officers were striving to make reports more understandable and gave the example of placing the finer detailed analysis into the appendices so the covering report gave the overview that the layperson would be looking for. The Council conducted benchmarking with other authorities' reports and would always look to refine and develop reports so they could be more accessible. The Director went on to talk about the Local Priority Reserve used in the budget for 2020/21 and beyond but explained that Covid-19 would add risk to these investments.

Members questioned the detailed breakdown of value adjustment and revenue adjustments and asked why the council revalued assets, on what basis they conducted this assessment, and what were the assets in question. Members heard that revaluation was completed on a rolling basis for all council assets. This work was conducted by independent valuation and was done to offset market conditions.

Action:

A breakdown of asset revaluation accounting adjustment to be made available to the committee

Councillor Dilks left 11:15

The Chair noted that he was happy with the increased detail in the report and was grateful to the officers and answering questions on the detail in the report. He commented on the work done to benchmark and make reports more accessible. The Chair questioned whether every local authority might be

failing in making financial reports accessible to members of the public. The Chair asked if more thought could be given to making reports accessible and suggested that General Fund and Housing Revenue could be separated in future which could lower confusion. The Chair noted that there could have been fewer appendices and that some of the tables could have been included within the covering report. He acknowledged the hard work done in making these reports as simple as possible but felt that more could be done.

Councillor Dilks re-entered 11:20

The Chair commented that this had been a difficult year for budgeting and asked what lessons had been learnt from the budgeting process this year. The Director suggested that looking forward and being more realistic in ensuring that proposals were ready to deliver and having a longer-term view to proposals would be a sensible course of action. He went on to suggest that earlier identification of budgeting issues could allow for mitigation. He noted that looking across Lincolnshire there were different practices for financial reports and that he would consider how information could be presented to ensure accessibility. The Cabinet Member for Finance and Resources added that the council was ambitious and should make no apology for their ambition. He noted to be ambitious required financing and there was a need to increase prudence and learn lessons from previous years.

A Member questioned the underspend on the Disabled Facilities Grant and asked for clarification on whether underspend would be held in reserve for future works. The Interim Director of Finance replied that underspend in this area had improved over recent years and assured members that this money would not be lost or returned to any agency. Instead it would be ringfenced for work that was committed but not completed within the financial year. He referred to difficulties with delayed referrals in previous years which had seen improvement this year and reassured the Committee that demand would be met. Members welcomed this news, as these facilities greatly improved the lives of residents.

A Member requested further information regarding the delay of installation of electric charging points in car parks and was informed that they would receive an update on charging points outside of the meeting

Action:

A written response regarding the installation of electric charging points to be circulated to committee members

As a result of discussion of this report, the Chair suggested several items to add to the Work Programme.

The Interim Director of Finance commented that this was a provisional outturn as it had not yet gone through audit, and it could not be disconnected from

budget reports in future, as some projects would carry over to the current financial year. He commented that time was needed to distil what this report was telling the council and what improvements could be made in future. The Cabinet Member for Finance and Resources agreed that examination was needed to ascertain what had worked and what had not while ensuring departments had the funds they required.

A member mentioned Appendix C which showed savings and income generation and noted that there were twelve items where the council had hit the savings precisely as forecast and five where no savings had been made at all. They noted that some savings programmes had been carried over from previous years, despite also missing targets in previous years. The Chair noted that an examination on savings was needed in the workplan.

Committee members questioned what the overspend on the growth budget alluded to and what the invest to save expectations were for the Council's investments. A member questioned if there was an unbalanced spend on the financial quarters and if quarter 4 saw significant spend compared to the other quarters. The Interim Director of Finance replied that the non-accounting entries distorted the report and without them growth showed a 1% variance which would be the number on the report for cabinet. InvestSK would be paid an agreed sum and they would then deliver their business plan so variances would be shown in the InvestSK accounts as a separate entity and not recorded as part of the Council's budgets. The spending pattern throughout the year was the normal profile of budgets, as a large element of the accounting process was done in the final period.

Action:

The following items to be considered by the Committee at a future meeting:

- **Local Priority Reserves**
- **Variance and Spend from the Local Priority fund**
- **Major Expenditure Difference on the Growth Portfolio**
- **Transformation and Change**
- **Use of Reserves**
- **The Housing Revenue Account 30-year Business Plan**
- **Loans and Grants from SKDC**
- **Savings Programmes**

Councillor Knowles left 12:00

The Committee resolved to support the recommendation to the Governance and Audit committee that the budget carry forwards shown at appendices E and I and reserve movements shown at sections 4 and 7 of the report be approved.

75. Financial Impact Report

The Cabinet Member for Finance and Resources introduced the latest monthly figures, including the risk register and reserves in appendix D. He asked for the committee to review the Council's position and give comments. The Interim Director of Finance gave an overview of the report which built on the report seen at the previous meeting in May 2020. The report focused on spend for 2019/20 and how this had implications on 2020/21 and beyond. He spoke of the Impact of Covid-19 on collection of revenue through the year and how this could be modelled going forward. He forecast a £900,000 loss against budgets, which would rise to £2 million by the middle of the year, before peaking at £3 million at year end. There were assumptions made around recovery and as those assumptions changed the forecast would be updated. New forecasts would return to committee as more information was gathered.

The Interim Director of Finance informed the committee that grants from government had resulted in many businesses being taken out of rating for business rates. Remaining rate payers may also face difficulties with payments, and this could affect collection rates throughout the financial year. Work was being conducted on modelling how much of a fall in collection would result in difficulties for the rate pool. Constant modelling on the pool was necessary to give an up to date indication on how it was performing.

Following analysis of business types, businesses within the district had been split into various risk profiles. These profiles identified sectors that were more at risk of Covid-19 related volatility. South Kesteven contained a spread of profiles that mainly centred on low risk businesses which meant that the district may well be less affected by a sectoral recession. As the furlough scheme wound down this could result in difficulties later in the year, however costs were largely the same from 26 May.

Councillor Knowles re-joined 12:05

Members commended the quality of the report that gave important information and thanked the officers and Cabinet Member for the overview. A Member commented that Government funding appeared to only cover a third of the shortfall and that other District Councils also seemed to have received around a third, whilst County Councils appeared to have received 84% of their shortfall, demonstrating an apparent disparity in funding from Government. The Councillor also noted that all risks on the risk register had been classed as high and asked if there were any risks not on the report that were medium or low.

The Interim Director of Finance explained that as government funding had reduced in the past this caused a greater reliance on fees and charges for District Councils to fund their services. It was these fees and charges which were impacted most by Covid-19. Various associations representing Councils

and Finance Officers were in contact with the Ministry of Housing, Communities and Local Government and the Director remained hopeful that further grants would be received. As the risk register would be further refined as the Covid-19 situation progressed, more detail would be available and confidence would start to grow, which would move some of the risks away from high and in to medium or low.

The Chair requested that some operational risks be included in the risk register in future. The Chair noted his belief that there are some low risks which need to be identified to allow for mitigation to be considered.

The Committee resolved to continue to monitor the current 2020/21 financial position in preparation for the development of an amended budget framework due to be considered by Council on 17 September 2020

76. Performance Report

The Strategic Director, Transformation and Change introduced the report and gave an overview of the Council's Covid-19 response. He also outlined the additional responsibilities which the Council managed during lockdown. He asked members to note the number of redeployments of staff that took place during this time to allow for critical services to be delivered. The Committee heard of the work of the response teams during Covid-19 and the increased demand on the Revenues and Benefits teams. Recent changes in the way that staff work, and feedback received from the staff survey had resulted in increased wellbeing activities to help manage stress, and an increase in all staff emails to keep them informed. There had been increased demand on computer and telephone equipment to allow for home working and lockdown had resulted in uplifted public engagement on social media with the Council. He reported that the Council was found to be 24th in the country for distribution of business grants and £27 million had been paid to local businesses in the district. He stressed that a lot of positive work was completed in a short period of time. There was positive performance news with regards to new homes being completed and an improved response to planning enquiries across the year.

The Chair mentioned the objective of the dashboards was to increase the transparency of the council and questioned when these dashboards would be put into the public domain. The Strategic Director replied that the dashboards were published quarterly via the committee agenda, however the Chair noted a desire for performance dashboards to be published on the main SKDC website, in a separate performance section which would be more readily accessible than via agenda packs. Members agreed that the dashboards should be online to allow for comparison of performance over time and with neighbouring authorities.

A Member requested further detail on bonus payments to the refuse collectors. Confirmation was given that these payments were made only to waste services as a critical service with increased demand during lockdown. Officers noted that they were the lowest paid service in the Council and below the national average. The committee heard that assessments on pay and rewards were made on a regular basis to determine how staff could be appropriately compensated to meet national averages. A Member noted that they believed the bonus payments were appropriate, and money well spent, as the District enjoyed an excellent waste service and had continued to do so through the increased demand placed on the waste service by lockdown. The committee gave their congratulations to the team for their positive attitude and noted that they were proud to be representatives of the Council and to work alongside the Community hub and local volunteers.

The Chief Executive added that the bonus system had been extended until the end of September 2020 and expressed her gratitude to the waste team.

Action:

The Chair to write a letter of thanks to the waste team on behalf of the Committee to thank them for their service.

Members commented on the complaints by month and questioned what had happened about the complaints received and how this could be addressed. The Strategic Director informed the committee that more data was being gathered about the nature of the complaints.

Action:

A written response with further breakdown on detail of complaints to be provided.

Members commented that increased home working raised the question of how large a council office was needed. A member questioned the breakdown of council developed homes compared to private developments. Members asked for the report to include information on waste management in previous years to allow for analysis on the performance of the council over time.

Action:

A written response on the number of council houses built to be provided.

The Committee resolved to note the content of the report and support the ongoing transformation of performance management

77. Future High Streets Fund

The Deputy Leader introduced the report and gave background information on Grantham's strategic economic advantages as a transport hub and sub-regional centre. He spoke of the poor connection between the railway station and the town centre. The committee heard of the need to enhance first impressions of the town and improve pedestrian movement between the station and town centre as critical for Grantham's future. The Deputy Leader spoke of the unique opportunity to develop Grantham through the Future High Streets fund. The Head of Regeneration and Visitor Economy at InvestSK informed the Committee of the extended deadline of the end of July for the final submission due to Covid-19. She spoke of the great opportunity for Grantham and the once in a generation chance to invest in the infrastructure of the town centre. The plan would diversify the town's offer, supporting retail whilst increasing other uses such as residential and office space.

The Chair thanked the officers for the quality of the report and the bid. A Member spoke of their concern of the development of an out-of-town shopping village that could drive people away from the town centre. Other Members disagreed that the out of town shopping centre could negatively impact the town as it offered a different service and a different type of shopping experience.

Committee Members expressed concern that the report had not come to a Scrutiny Committee earlier. It was explained that it had been difficult to know when to engage the Scrutiny Committee owing to the structure of the bid, and it was noted that all members had been invited to the consultation workshops. A Member spoke of their concern that they were unaware of who was on the project board and requested a list of members. InvestSK's Head of Regeneration and Visitor Economy outlined that it was formed of Cabinet Members and senior officers at SKDC and InvestSK. The Chair echoed his concern that the committee had been included at the end of the process.

The Deputy Leader added that a lot of work had been completed in a short period of time, and this had left little time to involve the Committee any earlier. The Chair commented that there had also been a missed opportunity to involve the Grantham charter trustees. It was noted that they too had been invited to the consultation workshops.

A Member expressed concerns regarding the proposed Town Team to oversee the work and questioned the structure, the democratic oversight, and who would oversee the team. It was explained that the team would exist to demonstrate partnership working with stakeholders as a requirement of funding, and that the Council would take a leadership role in the team but not dictate the membership. The Team would be there to inform decisions and proactively engage locally. The Chair clarified that the committee would like to see the governance arrangements for the team when it was created.

Action:

Governance arrangements for the Town Team to be shared with Members when available.

Members questioned the transport arrangements within the District and believed that the towns within the district needed stronger public transport connections to Grantham.

Members spoke of their support for the bid and the positive effect it could have on the community but expressed concern that similar proposals had proved unsuccessful in the past. They remained hopeful however that this project could rejuvenate the town centre and noted that high streets needed to change to meet modern demand.

Members queried how the impact of Covid-19 could change demand on the town centre and asked how likely the Council was to succeed in its bid. Covid-19 was of course having a national impact, and local changes to demand could affect different sectors in different ways. Concerns were raised around private sector engagement and how work could be done to mitigate this impact. The committee noted that Covid-19 could create a trend of shopping local and this could potentially lead to a positive impact for Grantham. The Chair added that estimating the chances of success of the bid would be difficult and would not expect a reply. It was noted that positive feedback had been received from the Ministry of Housing, Communities and Local Government on the draft bid submitted earlier in the year.

A Councillor asked how cycling would be encouraged in the town centre plans and the Chair replied that this demonstrated the need for early involvement of Scrutiny Committees in such large-scale plans. A member questioned how much consultation had taken place with the County Council and the Grantham Transport Board. The Deputy Leader replied that the County Council had been fully involved in consultation and worked in parallel with the Transport Board and that cycling had been a key part of those discussions

The Committee asked that their regret at not having seen the proposals earlier be noted.

The Committee resolved to support the submission of a Future High Street business case for Grantham Town centre and recommend that the submission proceeds.

78. Work programme

Pending the addition of further items as agreed earlier in the meeting, the Work Programme was agreed, and the contents noted.

79. Any other business, which the Chairman, by reason of special circumstance decides is urgent

There was no urgent business.

Close of meeting

The meeting closed at 13:17.

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