

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



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Tuesday, 29 June 2021, 10.30 am

**Council Chamber - South Kesteven
House, St. Peter's Hill, Grantham.
NG31 6PZ**

Committee Members present

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

Councillor David Bellamy
Councillor John Dawson
Councillor Phil Dilks
Councillor Philip Knowles
Councillor Ian Stokes

Cabinet Members

Councillor Adam Stokes – Cabinet Member for Finance and Resources
Councillor Barry Dobson – Cabinet Member for Growth and Leisure
Councillor Robert Reid – Cabinet Member for Housing and Property
Councillor Rosemary Trollope-Bellew – Cabinet Member for Culture and Visitor Economy

Other Members present

Councillor Ashley Baxter
Councillor Helen Crawford
Councillor Jacky Smith

Officers

Deputy Chief Executive (Alan Robinson)
Interim Director for Finance (Richard Wyles)
Director for Commercial and Operations (Gary Smith)
Director of Growth and Culture (Nicola McCoy-Brown)
Assistant Chief Executive (Ken Lyon)
Head of Finance (Alison Hall-Wright)
Head of Revenues and Benefits (Clare Moses)
Performance Lead Officer (Ben Russell)
Acting Principal Democratic Officer (Shelley Thirkell)
Civic and Member Services Officer (Anita Eckersley)

1. Comments from members of the public

No comments from members of the public had been received.

2. Apologies for absence

Apologies for absence had been received from Councillor Bob Adams and Councillor Charmaine Morgan.

It was confirmed that seven Committee Members were present.

3. Disclosure of interests

No interests were disclosed.

4. Action notes of the meeting held on 23 February 2021

It was proposed seconded and agreed that the action notes from the meeting held on 23 February 2021 were a correct record.

5. Updates from previous meeting

Action point 34 (5) – Delivery of Affordable Housing. The Cabinet Member for Housing and Property noted that since the last meeting the Cabinet Member remit had changed. Planning was now under the remit of the Cabinet Member for Planning and Policy. A report would be brought to Committee and would incorporate the Council's Stock Condition Survey, but a date could not be provided now.

ACTION 1:

That the Cabinet Member for Planning and Planning Policy provides a written response to this Committee on when the report on Affordable Housing would appear on the Committee's Work Plan.

Action point 36 – Future High Street Fund Bid. The Cabinet Member for Growth and Leisure noted that since the £5.6m award to the Council, Alex Ward had been appointed as the Programme Manager. The project had to be completed within two and a half years and the Committee would be kept informed of progress.

ACTION 2:

That the Committee would be kept informed of progress.

The remaining contents of the Action Sheet were noted.

6. Outturn Position Report 2020/21

The Cabinet Member for Finance and Resources noted that the report provided details of the Outturn Position for 2020/21 and wished to have recorded his thanks to Council officers and especially the Finance Team for the fantastic work undertaken during the last year which ensured that the budget Stabilisation Reserve would not need to be used to balance the 2021/21 financial year.

The Interim Director of Finance referred to the recommendation in the report noting that the review of the Revenue and Capital Outturn was provisional because the

deadline for the completion of the accounts was 31 July 2021. Reference was made to recommendation 2 of the report in so far as the recommendation on the budget carry forwards would be going to Cabinet on 13 July 2021 and not Governance and Audit Committee. The outturn and the proposed reserve movements would be presented to the Governance and Audit Committee on 21 July 2021. The Committee would then be asked to approve both elements.

The key points of the report were:

Variance work would normally be undertaken on the budget agreed at the start of the financial year. Council had considered and approved an amended budget framework in September 2020, so the variance analysis work compared the original budget to the amended budget agreed by Council. The Outturn was closely aligned to the amended budgets so there were fewer variances than would normally be expected.

In February 2021, the Committee had been informed of a forecasted deficit of £300,000 which had been significantly reduced from a previously projected £1m. The balanced position had been established by utilising Government Grants and interventions by Members and officers to reduce expenditure across the authority. The reserves had not been utilised to balance the financial year, which meant the Council was in a good place for 2021/22.

Reference was made to the recommendation to establish a Covid Recovery Reserve of £1.2m made up of underutilised Government funding. This would be used to offset and mitigate against any further unforeseen costs that might be incurred during 2021/21 year and offset any losses in expenditure/income. The Committee was reminded that at the beginning of the 2021/22-year COVID restrictions were still in place which could still impact on budgets and potential income.

The report outlined elements of the General Fund, Revenue and Capital and the Housing Revenue Account. Member's attention was drawn to the following key areas:

Page 27, Table 7 referred to the updated year-end income position. The Budget had been amended in September to an income prediction of around £3.5m This had been overachieved and was around £4m for the year.

The Income Loss Compensation Scheme reimbursed the Council and enabled the Council to access £653k to help offset income losses.

Table 6 provided an overview of the types of grants awarded to the Council by Government to offset expenditure: Re-opening High Streets Safely, COVID Compliance and Enforcement, Leisure Recovery, Cultural Recovery, Furlough Scheme (Arts and Building Control), Winter Grant Scheme, Tranches 1-4 Government Support for the Council, LCC Covid Outbreak Management, Council Tax Hardship Grants and Co-payment Losses Contribution. The Council had also awarded around £42m business grants which had been passed on to qualifying businesses.

The General Fund Capital overall Outturn position less the carry forwards (approved by Council in March 2021) of £3.2m budget and a £2.2m Outturn position had created a £1m variance. Explanations were detailed in the report and appendices.

Reserves: Recommended that the Maintenance Reserve had been replenished back up to £500K for 2021/22. This would be used to fund unforeseen expenditure on general fund assets.

The Budget Stabilisation reserve had not been utilised as part of the Outturn arrangements. The Council increased the balance of this reserve as part of the budget proposals for 2021/22.

Replenish the IT Investment Reserve to help support the hybrid model to support flexible working. This would be used to replenish IT equipment when staff returned to the office and would enable flexible working arrangements.

Disabled Facility Grants – Recommended that £362K to go into the Housing delivery Reserve to support the ongoing demand for disabled adaptations.

Governance Reserves of £5.139m – Not utilised. Special expense areas had their own individual reserve balances to fund ongoing expenditure and help fund initiatives.

Working balance. This was shown as a provisional balance in the report as the outturn was still being finalised. Government S31 reimbursement Grants awarded to the Council for relief to support businesses would be carried over into 2021/22.

Housing Revenue Account – Cabinet recommendations/approvals around carry forwards were outlined in appendix H.

Funding of £780k to meet the costs of a comprehensive Stock Survey to be carried forward into the new financial year.

The HRA – difficulties around rent collection, £500k down from the set budget. Expenditure had broadly been in line except for the carry forwards.

HRA Capital Programme had been significantly reduced as part of the amended budget work. The amended budget was £16.1m but had been higher at around £25m. The actual Outturn was £3.1m. The house build programme had been deferred pending the outcome of the Stock Condition Survey. The variance was £13m.

The Working Balance – It was necessary to replenish the balance back up to a level that was commensurate with the level of the operating expenditure. Therefore, the balance was to be increased to £2.3m.

Right to buys were lower last year with 29 during the year compared to around 60 the previous year. Purchasers had experienced difficulties accessing mortgages

and meeting criteria to exercise Right to Buy. However, figures showed that higher levels for the current financial year were more than 20 for the first period of the new financial year.

It was noted that the reserve position for the overall HRA was in a stable position with the receipts' reserve being £8m and the major repairs reserve £18m.

In response to queries about the underspend of £12m on housing grants, whether new build was going to take place and whether any schemes had been submitted for planning permission, the Committee was informed that the Swinegate project in Grantham was due to go before Planning. The results of the Stock Condition Survey which was due to be completed in October would need to be taken into consideration when balancing the repairs of existing stock against new builds.

ACTION 3:

That the issue of Housing Capital Expenditure and how this was project planned for future years to be included on the Committee's Work Plan.

In response to a query about how many staff had been furloughed the Committee was informed that around 45 members of staff mainly from the arts centres and building control had been furloughed.

The Committee was informed that the COVID Recovery Reserve was made up of unused tranches of Government funding which had been rolled over into the 2021/22-year to enable a response to any difficulties with the current year's budget. It was proposed that the Cabinet Member for Finance and Resources, in consultation with the Chief Executive and the S151 officer would be responsible for this reserve and decisions based on established criteria.

ACTION 4:

That the Committee is provided with details of the criteria to be used when determining how the COVID Recovery Reserve funding would be used.

In response to a query about Co-payment losses contributions, it was noted that this referred to the Government's income loss compensation scheme which reimbursed the Council 75p for every £1 lost. There had been restricted access to the scheme which ensured that Councils could not claim twice.

In response to a query about what analysis was being undertaken of the significant savings that had been made in areas across the Council during the last 18 months and what lessons had been learned in respect of what could be taken forward, it was noted that analysis work was being undertaken. Services had continued to be delivered without any detrimental impact to service standards.

ACTION 5:

That the Committee receives a report at a future meeting on the analysis work being undertaken on the lessons learned from the last 18 months in respect of cost savings across the organisation.

ACTION 6:

The Cabinet Member for Finance noted that he would discuss the issue of the Special Expenses Area reserve for Bourne with Bourne Town Councillors at the earliest opportunity.

Budget Carry Forwards: The Committee was informed that the carry forwards related to works that had not been undertaken during the last 18 months. The works would be covered by reserves so there would be no impact on the level of council tax that had already been set. The Capital and Revenue budgets carry forward reserves would provide sufficient capacity to support and inject some temporary reserves into key parts of the organisation as and when required.

It was noted that there was ongoing work on the St Martin's Park Scheme as not all planning requirements had been fulfilled but the budget carry forward was required to progress the project.

It was proposed seconded and agreed that:

- 1 Following a review of the provisional Revenue and Capital Outturn Report and associated appendices for the financial year 2020/21, the Committee noted the contents of the report and appendices.
- 2 That the Committee recommends to Cabinet that the budget carry forwards detailed in appendices D and H are approved.
- 3 That the Committee recommends to the Governance and Audit Committee that the Outturn and reserve movements (sections 4 and 7) are reviewed and agreed.

7. Local Council Tax Support Scheme 2022/23

The Cabinet Member for Finance and Resources introduced the report on the Local Council Tax Support Scheme 2022/23 and noted the Committee's comments were being sought on the proposals.

The Head of Revenues and Benefits referred to the recommendations and then provided a summary of the report. The Committee was reminded that the Council was required to review the Council Tax Support Scheme on an annual basis to ensure that it was fair to residents, provided the required support and was in line with budget requirements.

There were a wide-ranging set of competing and sometimes, conflicting objectives that had to be considered and the scheme for 2022/23 would be challenging due to the impact of COVID. Areas that had to be considered were:

- National welfare benefits
- Council tax collection rates
- Demographics
- Council objectives
- Council budget capacity
- Economy
- Caseload (need for support)
- Other Council comparisons

There had been an impact on the amount of Local Council Tax Support Scheme awarded, with significant increases in caseload and the cost of the scheme due to the economic impact of COVID-19. Caseloads had increased due to the direct result of changes to the economic climate, with existing customers requiring more support and new customers making claims for Universal Credit, and in-turn Council Tax Support claims. There had been a national impact but Appendix 2 reflected the impact on Lincolnshire Councils. The cost of the scheme for 2020/21 was £7,204,780 which was an increase from £6,505,192 at the same point in 2019 and was an increase of £699,588.

A range of different scenarios had been modelled based on the current core elements of the existing scheme, along with an assumed increased charge in Council Tax of 3%. The changes were summarized at Appendix 1 and provided an indication of the potential cost to the Council.

The proposed changes for consideration reflected schemes in other areas in Lincolnshire and were a relatively common theme representing national schemes.

Change ref	Proposed Change	Current position	Considerations
Change 1:	Maximum award ranging from 70% to 100% (increments of 5% increase)	Currently the maximum award is 80%.	A reduction to the maximum award would result in a higher shortfall for the customer. An increase to the maximum award would result in a lower shortfall for the customer.
Change 2	Reduction of the capital limit	Capital limit is £16,000	This could be modelled in various increments.
Change 3	Property banding cap	Council Tax Support (CTS) could be applied for regardless of the persons property band – from band A to Band H	The higher the band, the more CTS was awarded. This could be modelled to be capped at all bands from Band B to Band H
Change 4	Increase the minimum entitlement per week	Any weekly value of CTS can be awarded	This could be modelled in various increments. Would result in a revised Council Tax bill being issued for a minimal amount of CTS award. Often, this would not be cost effective.
Change 5	Frequency of the re-assessment of Universal	Universal Credit claims are re-assessed each time a notification	This would result in a revised Council Tax bill being issued. As each new bill was issued, there was a 14 days' notice of

Change ref	Proposed Change	Current position	Considerations
	Credit to be reduced	is provided by the Department for Work and Pensions	when the instalment that was due. Bills would be removed from the recovery process, and the ratepayer having a balance at the end of the year they might not be aware of.
Change 6	Impact of national incentives	Does not apply	National schemes introduced during a financial year would not take effect during the year. These would be included in the new financial year scheme, if applicable.

Reference was made to the timetable to approve any changes to the new scheme and the requirement for the Council as the Billing Authority to approve the scheme after consultation. The timetable was:

- 29 June 2021: Finance, Economic Development and Corporate Services Overview and Scrutiny Committee – review and comment on the potential changes for modelling and consultation.
- 20 July 2021: Finance, Economic Development and Corporate Services Overview and Scrutiny Committee – review and comment on the outcome of financial modelling and the proposed consultation process.
- August to October 2021: Public consultation and analysis of results.
- 23 November 2021: Finance, Economic Development and Corporate Services Overview and Scrutiny Committee – review the outcome of the consultation and proposed scheme for 2022/23.
- 7 December 2021: Cabinet – for consideration and recommendation of the scheme for 2022/23 to Council
- 27 January 2022: Council – (decision) Council to approve the final 2022/23 scheme for implementation from 1 April 2022. South Kesteven District Council was required to approve a new scheme after consultation by 31 January 2022.

In response to queries about the proposed changes, the Committee was informed that the scheme had a discretionary element to it and the current scheme had been unchanged since 2013. Although it was fit for purpose there were variations with neighbouring local authorities. The suggested changes would be considered for financial modelling and were aligned with the other Lincolnshire Authority Schemes. These changes had also been applied nationally which enabled the financial impacts to be easily identified.

In response to a query about whether the special constables' scheme would be continued, the Committee was assured that this would be considered on an annual basis. It was noted that because the Police and Crime Commissioner had not yet

provided clarification on how the rollout of this scheme would be undertaken, none of the Local Authorities in Lincolnshire (that had included the discount in their scheme) had been able to implement the scheme at local level.

The Chairman commented that there did not appear to be any data around enforcement and queried how much it was costing and suggested that this should be included with the list of conflicting and competing objectives at 1.4 of the report.

ACTION 7:

That the cost of Enforcement is included in the conflicting and competing objectives.

During their discussions, the Committee considered that Change 1 should be undertaken in 5% increments between 70 – 100% and that Change 2 should be in increments of £1000.

8. Progress on the new Complaints System

The Deputy Chief Executive, on behalf of the Monitoring Officer, provided the Committee with a verbal update on the progress of the new Complaints process. He explained that the first part was around housing complaints. The process was under review because the Housing Ombudsman had been very clear about the way housing complaints should be dealt with. The complaints system had to be aligned with the requirements of the Ombudsman. This meant that a two-stage process was required instead of the three-stage process currently used across the organisation. Work was being undertaken especially around the housing system and would go to Cabinet soon for a decision. A meeting with the Team had taken place to review the progress being made.

The Council had several complaints and feedback processes which were also under review. The current proposal was for all complaints to go through a similar process rather than having one process for the Housing Revenue Account and a different one the rest of the Council services.

In respect of timelines, the proposal was for the process to go to Cabinet in September but a report would be brought to this Committee first. At previous Committee meetings concerns around data and the lessons learned had been raised, and changes had been made at the end of April to improve workflows. No meaningful data was currently available to present to the Committee but the Committee would receive information in due course about the type or complaint, frequency of complaints, how they had been resolved, lessons learned and how this would be shared across the organisation.

In response to a query about whether the Committee would receive information before the processes went to Cabinet, the Deputy Chief Executive noted that a report would be brought to the July meeting of the Committee. Assurance was given that changes relating to specific areas would go before the appropriate Committee for consideration.

ACTION 8:

That the Committee receives a written report in July 2021 updating them on the progress of the Complaints System especially around the Housing Revenue Account.

DECISION:

That the update on the progress of the Complaints System was noted.

9. Corporate Plan Key Performance Indicators 2020/21

The Assistant Chief Executive presented the first report to this Committee on the progress of the Corporate Plan performance indicators which were discussed and agreed at the previous meeting and were the performance indicators in the Corporate Plan. He noted that if all of these were achieved across the Council, they would be contributing to the vision to be "*The Best District in which to live, work and visit*". All Committees would receive regular reports over the life of the Corporate Plan 2020-23. Appendix 1 contained the main detail and set out the current progress against performance.

An overview of the actions for this Committee was provided:

- Ten of the actions were rated as green which meant that they were on track for delivery.
- Six of the actions were rated as amber which meant they were on track for delivery but had mitigation plans in place or, if they were a KPI, they hit 10% of the target.
- One action was rated red. This meant that currently it was not on track and there was no robust mitigation plan in place so there was a threat that it would not be achieved.

The following areas were drawn to the Committee's attention:

- The £5.5m funding for Future Hight Street Funding had been secured and was a big contributor to that action.
- A balanced budget at the end of March enabled the Council to be in a strong position. This was part of the financial resilience highlighted in the Corporate Plan as being a high performing council.
- The site acquisition for the depot took place in April 2021 and was a key milestone for that project.

The following areas that were not currently green were highlighted to the Committee:

- Work with local education providers to increase opportunities for learning and apprenticeships in the district was rated as red. This was because the University Centre had not opened due to COVID. There had been some activity outside the centre but education apprenticeship opportunities were not

on track. Work was underway to look at the most beneficial ways for business learning in the district.

- IT Investment was rated as Amber. Current progress was red because the road map plan was not in place. This would be required when brought to future committees. This could be brought back on track and might be an area the Committee would want to explore and add to its' work programme. This would set out the actions and the required KPIs.

ACTION 9:

The Committee to look at the Road Map Plan for IT investment as a future agenda item.

- Use of local supply chains is an action that the Council had to influence over rather than control. It was rated as Amber as the target for 2020/21 was 60% of spend under £50K being with the local supply chain, growing to 64% over the life of the Corporate Plan. Last year's performance was 54% and was amber. The finance and procurement team were looking at how to engage with local suppliers to address this.

The second recommendation in the report referred to amending the number of businesses supported by InvestSK Ltd to 60 for this current year. This was a volatile performance indicator because InvestSK Ltd had provided support to many businesses through the Grantham Distribution Programme over the last year. The target for this year was 40 which had been achieved. Going forward, future support would be more targeted and intensive. The recommendation was to change the figure from 80 to 60 for 2021/22.

A review of all the performance indicators would be undertaken in October which was the anniversary of the Corporate Plan and at that point the Committee would receive suggested changes to the indicators. Because this would impact on the InvestSK Ltd Business Plan, it had been considered useful to bring this forward in advance of that.

The following questions and comments were raised:

- Was work being undertaken with Further Education Providers, Grantham College, schools, and sixth forms to look at ways of enabling young people to achieve their career objectives locally. Had economic development been looked at and were local employers being asked to identify key skills and subjects that would be beneficial to employers encourage young people to stay local. Attracting employers with high-quality jobs would be essential to drive the economy forward.

The Cabinet Member for Growth and Leisure noted that the space in the Cinema Building was ready to mobilise. New scoping had identified an opportunity to work with local colleges and schools around providing courses on IT and internet skills for people who were not able to go to university. The Lincolnshire Enterprise Partnership (LEP) had provided funding and support for the space to provide

university-based courses and talks were taking place with them to look at changing what provision could be provided in that space to ensure the provision was relevant and impactful.

In response to a members' query about why there was a delay in the delivery of leisure centres, the Committee was informed that schemes had been proposed and the survey layout for the Deepings provision had been undertaken. Delays had been down to COVID and an increase in prices. The proposals had to be re-assessed and consideration given to what was affordable and where the money would come from. A definite date could not be provided now but it was anticipated a decision would be made before the end of the year.

In response to a query about whether the Council had reached an agreement with the School and Lincolnshire County Council and other interested parties on the demolition of the existing swimming pool and sports hall, the Committee was informed that there was no agreement between this Council and the County Council who owned the school. There were several issues that could not be discussed due to confidentiality issues. There was an agreement with the Deepings Parish Council and Lincolnshire County Council that the provision could go on that site. In respect of the 3G pitch, it was noted that the Football Foundation had run out of money but processes were underway to determine what funding could be provided and when.

The Committee provided the following feedback:

- The format of the report was good but a cover sheet with all the targets and headline status would enhance the report.
 - Targets – a mixture of good targets and some there to fill out the report, the Chairman raised questions and comments about several of the targets, which the Assistant Chief Executive and Corporate Performance Lead responded to.
 - This feedback was welcomed and would be addressed as part of the annual review.
- a) Asset Management Review. Over the last 15/18 months staff had worked from home which meant office space had not been used to full capacity. Other councils and organisations were looking at remodelling how their staff worked and questioning if the same large offices they previously had were still required. A lot of overheads had been saved and could continue to be saved by having more staff working from home. The offices could be used as hot desking workspaces, for people who had to be in the office. Was this being reviewed and were all the Council owned properties being reviewed?

The scope of the review was non-Housing Revenue Account Assets which included the operational portfolio. Ways of adapting and modernising working practices which included office environment and balancing the need and ability to save money within the operational requirements of the organisation were being explored.

In response to the Vice-Chairman's query about whether this fell under the Corporate Services remit and whether a report on the review could be included in the Work Programme, the Chairman noted that this could be a discussion outside the meeting on whether it would need to be widened or a second report required.

Action 10:

That the Chairman and Vice-Chairman discuss the scoping of the report on the Asset Management Review and cost savings and consider whether this should be included in the report requested earlier in the meeting to do with Lessons learned from the last 18 months.

- b) Comment was made on the Garden Village scheme and there being no referral to it. The Chairman noted that linked in with the review of targets in respect of the number of houses to be built and how those targets were not reflected in the report.

It was noted that the Garden Village was within the scope of the Rural and communities Overview and Scrutiny Committee and that the performance report would go to that Committee.

The Annual review would look at the overall performance of the KPIs. Some of the initial indicators had not been as good in practice as first thought and different targets, indicators and rewording would be required. One of the purposes of the report was to help guide the Committee's work programme and provide enough information for the Committee to ask for greater detail.

The Chairman proposed and sought comment from the Committee on undertaking the review of these targets after the meeting of the Committee on 20 July rather than the 26 and 27 July as had been suggested.

ACTION 11:

That the Review of Targets and sub-classifications and strengthening of the targets is undertaken after the meeting of the Committee on the 20 July 2021.

DECISIONS:

- a) That the contents of the 2020/21 Performance report are noted.
- b) The Committee supports amending the 2021/22 target for the "Delivery of growth of our economy", action 4 – "number of businesses supported" to 60.

10. Work Programme 2021 - 2022

A Member queried whether Affordable Homes delivery in the district could be included on the work programme for 7 September.

ACTION 12:

The Chairman acknowledged the request for the Affordable Homes delivery in the district to be included on the Work Programme and commented that he and the Vice Chairman would discuss with officers whether this was realistic.

11. Close of Meeting

The meeting closed at 12:20.