

## **BATH AND NORTH EAST SOMERSET**

### **MINUTES OF CORPORATE POLICY DEVELOPMENT AND SCRUTINY PANEL MEETING**

Monday, 1st February, 2021

Present:- **Councillors** Paul Myers, Winston Duguid, Mark Elliott, Andrew Furse, Hal MacFie, Alastair Singleton, Shaun Hughes, Karen Warrington and Lucy Hodge

Apologies for absence: Councillors:

#### **55 WELCOME AND INTRODUCTIONS**

The Chairman welcomed everyone to the meeting.

#### **56 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

There were none

#### **57 DECLARATIONS OF INTEREST**

There were none.

#### **58 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN**

There was none.

#### **59 ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING**

There were none.

#### **60 MINUTES**

The Panel confirmed the minutes of the previous meeting as a true record.

#### **61 CABINET MEMBER UPDATE**

Councillor Richard Samuel, Cabinet Member for Resources, updated the Panel on the following:

- Regarding Property Services – I have now been interviewed by the external consultants. Their report is due mid February. This will be shared with the Panel.
- We have made an appointment to an interim role in Property Services – the role includes looking at the general approach of the service.
- The Council has produced a brief for the Milson Quarter which sets the scene on how to proceed with improving the commercial offer to tenants in that area.

## 62 DRAFT BUDGET & COUNCIL TAX 2021/22 AND FINANCIAL OUTLOOK

The Chair, Councillor Myers, reminded the Panel that they have received the draft minutes of the Children, Adults, Health and Wellbeing PDS Panel (19<sup>th</sup> January) and the Climate & Sustainability PDS Panel (25<sup>th</sup> January) detailing each Panel's discussion of the Corporate and Budget Planning item. He explained that these discussions and this Panel's considerations at this meeting will be fed through to the Cabinet.

Councillor Richard Samuel, Cabinet Member for Resources introduced the item by explaining that this is not a normal budget and not a normal year. There has been a significant shock to Council finances as a result of the ongoing pandemic which will also have repercussions into future years. There will be a report to Cabinet on 11<sup>th</sup> February – we expect to balance the budget. He explained that the aim is not to disturb frontline services. He explained that the money borrowed from reserves would be repaid over a longer period. He also added that there is a proposed rise of 1.99% in Council Tax and a 3% Adult Social Care precept. Councillor Samuel thanked Andy Rothery, Director of Finance and his team for their extraordinary work.

Andy Rothery, Director of Finance and S151 officer explained that there has been some budget rebasing in order to reduce reliance on external income and the temporary government Covid grants received in 2020/21. There have been adjustments in Heritage, Commercial Estate and Parking. He explained that, along with the proposed Council Tax increase, extra money has been allocated to the Welfare and Hardship Service and also money put into a Covid risk reserve.

Panel members raised the following points and asked the following questions:  
*(Officer responses shown in italics)*

Councillor Furse noted that income from Heritage Services, Commercial Estate and Parking will be down and that the Estate maybe harder hit again as it contains retail. He asked what assumptions the forecast has been based on. *The officer explained that the Commercial Estate re-basing is based on market trend. A calculation has been made also taking into account analysis of void levels (factoring in an increase) and debt risk.*

Councillor Elliot referred to the Council Tax benchmarking graph and asked what level of increase would take the authority into the middle of the table. *The officer explained that this would involve an approximately 11% rise and bring in and additional £6/7million over and above the proposed 4.99% increase. However as rise of this level is beyond the Council tax cap and would require a local referendum.*

Councillor Warrington asked what the £900k Capital Expenditure under Climate Emergency was for. *The officer explained this was for feasibility work and initial capital expenditure on various ways the Climate Emergency priority can be taken forwards such as retro fitting Council assets or investments in alternative energy.*

Councillor MacFie referred to the Capital Project Resources which had been hit by £1.8m – he asked if this related to a particular project. *The officer explained that the saving was across the whole Capital Programme, it means that some delivery timetables have slipped a couple of years.*

Councillor MacFie asked about the Mental Capacity Act Fund. *The officer explained that funding for this was previously held in a Corporate Contingency budget, as no commitments have been made it is being released to generate a saving, when the relevant legislation has been passed the Council will seek new burdens government funding to meet the costs.*

Councillor MacFie asked if £300k savings in senior staff is realistic. *The officer explained that the saving is across the whole senior management structure. This has been tested. Councillor Samuel, Cabinet Member for Resources added that the bulk of this saving has already been made as the Corporate Director posts have not been refilled. The Chief Executive is confident, and the figures are robust.*

Councillor Singleton asked about Climate spending – the Renewal Energy Development Fund supports projects but there is a gestation period in these schemes, is the money carried forward. *The officer explained that this covers 5 years and if not accessed in year one, it is re-fazed into the following year.*

Councillor Singleton asked if there was a risk of slippage regarding the Council Tax deficit which is set to be recovered over 3 years. *The officer explained that there is some risk – Council Tax general growth assumptions have been pared down.*

Lucy Hodge asked the following questions:

- Last year we had two other tables, new capital projects etc. Do we have less growth this year or is the information presented differently. *The officer explained that this is a recognition of the financial situation – there is not the same scale of investment. Funding is on essential activity only. There will be more detail on this in the pack for Cabinet and Council.*
- Regarding the £50k saving under Transport – suggested areas are gulley emptying, grit filling and drainage systems. I get a lot of emails on these issues. I would like more detail. *The officer stated that a further note will be sent with details.*
- Regarding the proposed £22k savings in security cameras for Park and Ride – I would like more detail. *The officer stated that a further note will be sent with details.*
- The New Capital Recommendations for office reconsideration costs, is this for Keynsham Civic Centre improvements. *The officer explained that this does refer to the re-imagining of the Civic Centre and efficiencies that this investment will help achieve from lower utilisation of other buildings.*

Councillor Duguid asked the following questions:

- There is a lot of concentration on savings and reduction. Are you satisfied that we are looking at new income streams.
- Tourism – hard to predict, what assumptions have been made.
- It would be good to look at the risk register (although not duplicate the work of the Audit Committee)

Councillor Samuel, Cabinet Member for Resources, explained that it is difficult to predict what will happen with the Commercial Estate income. In the past we have negotiated with tenants with rentals based on the market but now many businesses are struggling. There no business relief or furlough after March. This means the Council cannot predict with certainty. He explained that the Council does not hold all of the cards (for example Government policy on dealing with the pandemic) so it is hard to de risk our budget. Things will be clearer later in the year. The risk is acknowledged but cannot be completely mitigated. This particular income stream is highly volatile.

Councillor Duguid asked if a special task force is needed or if we are already looking at new income streams (although understandably, the focus is on savings). *The officer explained that, in terms of the budget, we will pursue new income streams. It is difficult to mitigate this risk in the short term but we are thinking about the commercial components of the Council. We need to carefully consider options and income diversification. We need to look at building back income.*

Councillor Elliot asked the following questions:

- There is a post reduction in Children and Adult services. This is surprising and should it be revisited. *The officer explained that the post reduction has been planned for some time, it will be grant funded for a year and then reviewed.*
- There is a post reduction in a Children's Centre, are there more details on this). *The officer explained that the post has been vacant for some time, we can deliver the service as it is now.*

Councillor Myers asked for an explanation regarding borrowing from reserves. *The officer explained that:*

*Years 1 & 2 - c£13m borrowed from reserves  
Years 4 & 5 – the money is paid back*

*The officer explained that this is factored into the budget setting. He added that there will be a more detailed section in the Cabinet report that sets out the use of reserves.*

In response to a query from Councillor Hughes on how things have changed from the October 2020 Medium Term Financial Strategy *the officer explained that the numbers have been completely refreshed, taking into account the 2021/22 provisional settlement. There has been a fundamental re-basing of the numbers. He also stated that the loss regarding parking was the result of a number of factors including Covid and Climate Emergency considerations.*

Councillor Hodge asked why the Corporate Plan Maintenance had changed (£10m to £13m). *The officer stated that a further note will be sent with details.*

Councillor Hodge asked if the highways maintenance funding was a normal level? *The officer responded that this was linked to an asset-based assessment.*

Councillor Myers thanked officers for the responses and asked Panel members if they had anything to add:

Councillor Warrington stated that she had a few concerns which could hopefully be negated:

- Going digital – concerns about how this can be discriminatory. This has been shown with home schooling. Also issues such as Broadband connection and capability issues.
- Adult Social Care – looking at these savings, this service cost money (such as incontinence pads)
- Capital Expenditure for Climate Emergency – concerned that we make sure renewable energy is spread across the district.
- Concerned about charging for waste. Fly tipping has a disproportionate impact in rural areas more than the city.
- We need a Bath Waste Centre
- There will potentially be more deaths due to Covid – questions on the capacity of Bereavement Services.
- Concerns about road maintenance in rural areas.
- Concerns about much of the budget being Bath centric such as Low Traffic Neighbourhoods.

Councillor Duguid stated that it was useful to have clarification on the reserves. We don't know what we will get from the Government for the loss of Heritage and Commercial Estate income. This is not a normal budget and we need to work with officers regarding the Risk Register.

Councillor Macfie stated that there was a lot of positive information from the WECA scrutiny panel and we need to focus on where the money is available from WECA and how to access it. Also buses may be funded by the Government in the short term but in the long term, this will become an issue for Local Authorities. Hopefully rural buses will be protected. Also we need to see more money going into North East Somerset – there has been none for the Enterprise Zone in Midsomer Norton.

As Chair, Councillor Myers thanked the officers and Panel members for their contributions and explained that he would be reporting PDS Panel feedback to Cabinet and Council (Note – the minutes from each Panel will also be circulated)

## **63 A BRIEFING ON THE GOVERNANCE STRUCTURE FOR LOCAL AUTHORITY COMPANIES**

Michael Hewitt, Director Legal and Democratic Services, introduced the report and gave a presentation which covered the following:

- Company Governance
- Group Structure
- Overview
- Background
- Recommendations from EY
- Council Report resolutions
- Protocol 3 principles – Principle 1 Freedom and Controls
- Principle 2 – Roles and Responsibilities
- Principle 3 – Relationships, Integrity & Accountability

- Key Documents
- Shareholders agreement
- Reserved matters
- Scrutiny
- Current position

Panel members asked the following questions and raised the following points:  
*(Officer responses shown in italics)*

Councillor MacFie asked if there are any competitors. *The officer explained that there is a site in the market place at Sladebrook Road.*

Councillor Elliott asked about a business plan. *The officer responded that Panel members can see the business plan as the original decision maker has seen it. This can be circulated to Panel members with a duty of confidentiality.*

In response to a query from Councillor Myers, the officer explained that the Leader of the Council is considered the shareholder representative and can make some decisions, but the Cabinet would be convened for a significant decision.

In response to a query from Councillor Hodge, the officer explained that Panel members will be entitled to the same reports as the original decision maker, on a confidential basis, as only then can the Panel make sure that the Cabinet has held the company to account. Also, regarding bonus payments – when a company decides to make an award, it is a special reserve matter and relates to names individuals – Panel members are able to see that information.

Councillor Furse stated that the company manages public money and asked if relevant scrutiny meetings would be held in public. *The officer responded that the Panel can scrutinise whether the company is meeting its performance targets and providing a dividend but would have to move into exempt session where confidential information is discussed. Panel members could make recommendations if they felt that the company was not doing its job.*

Councillor Myers thanked the officer and asked for an updated copy of the diagram in the presentation for a future discussion.

## **64 PANEL WORKPLAN**

The Panel noted that items suggested at the last meeting (and this meeting) would be collated by the Democratic Services Officer and discussed at the next agenda setting meeting with the Chair and Vice Chair. The following items were suggested at this meeting:

- Keynsham Civic Centre refurbishment (cost/benefit analysis of the office element/Travel claims)
- Car parking policy
- Member training (for those of non-local authority background)
- Risk register – annual item

The meeting ended at 6.16 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**