

Extract from the minutes of the Scrutiny Panel meeting of 23 January 2024

441. Portfolio Holder Briefing [Resources]

Councillor Cory, Portfolio Holder for Resources, covered the bedding in of new key members of Finance, specifically Andrew Small as Section 151 Officer providing strategic direction, and Chris Hartgrove as Deputy Section 151 Officer and lead officer of the Finance Team. Andrew and Chris were part of the shared services partnership with Epping Forest District Council, where they were also Section 151 Officer and Deputy respectively. These appointments had led to a process of improving presentation of accounting and transactional information.

Local authorities across the UK were at risk of technical bankruptcy. The Council was not in such a position, due to prudent budgeting, its reserves position, and minimising costs whilst increasing income. The past few months had been spent on the Budget process for 2024-25. Apologies were given for the late publication of the Budget report. The consultation process had included a meeting of the Leaders' Alumni Group the previous week, and was an open process including past leaders and current elected members. The capital review had included a members' workshop, which had proved useful and helped to set the corporate landlord strategy. The corporate landlord team was being built, with Patricia Bowie brought in to provide expertise and skills. A business case had been made for the disposal or movement of certain assets.

A briefing was scheduled on the Fit for the Future Programme. This was a necessary part of meeting the expectations of the Medium Term Financial Forecast (MTTF) and the Budget, and was part of the transformation programme which had been worked upon over the current year. The Administration was seeking to talk through the programme with elected members as much as possible. The Local Council Tax Support Scheme had been simplified and banded, with a one-year transfer period during which no claimants would lose out and many would gain improved support. Rowan House was now re-open, with increased rental income from tenant organisations, and improved partnership working. Meanwhile, the pay award showed the Council's investment in its staff.

The Portfolio Holder related that it was frustrating not to have audited accounts available. The Council had worked to ensure that the accounts were as up-to-date as possible, but audit partners handling the public sector had experienced problems, with audit processes slowing.

Chris Hartgrove, Deputy Section 151 Officer, explained that the accounts for 2022-23 were close to publication and a tentative reserves position had been established on the balance sheet. The accounts for 2021-22 had been published in September 2023, and the 2020-21 audit process was active again and in progress. The relevant Minister had indicated that 30 September would be a backstop date, by which local

authorities should have their 2022-23 accounts audited and signed off. This would include where qualified opinions would need to be given in order to meet that deadline.

Praise was given from the Panel for the delivery of a refurbished Rowan House.

Congratulations were given to the Finance Team for the way that the Budget had been presented, with a more transparent and easy-to-understand format which would help a layperson to read them. Presentation was now in terms of services, rather than opaque service areas. A Panel member noted that there must be work carried out alongside those overseeing the resources of the Council's companies. It was asked whether the companies' reduced role in service delivery had caused any problems, with a Panel member positing that such a redistribution of resource would need to be unscrambled and arguing that it was not possible to see a clear overview as to how resources were reassigned back to the Council. The Portfolio Holder explained that complex work was taking place under Richard Carr, Interim Managing Director of Colchester Commercial Holdings [CCHL], as to bringing assets back under direct Council control, working with the Leader of the Council and the Council's Chief Executive. The Interim Managing Director was staying on, in a one-day-per-week capacity to continue this work. Content would be shown in this year's Budget accounts as to how some of the restructuring would be carried out, covering certain asset-based costs. The changes would aim to reduce duplications and complexity.

A Panel member noted that the dormant companies could still hold assets, but that it would not be possible to carry out any transactions to reflect any depreciation in asset value, and asked how the Council would deal with any depreciation in asset value, especially where this was shown on balance sheets. The Deputy Section 151 Officer explained that there could be a write-down of assets, and could be a one-off cost, in six figures, to relate to the 2023-24 financial year.

The Deputy Section 151 Officer was asked about the significant loans made by the Council to Colchester Amphora Energy Limited [CAEL], and to explain their absence from the Budget report. The Deputy Section 151 Officer explained that the implications of the loans were included within the Budget.

A Panel member noted that a list of staff cuts had been provided, but nothing to cover the intention given that the Council would move to do less in the future. It was argued that elected members needed to know what reductions would be made in work carried out, to ensure that staff were not overloaded. The Portfolio Holder explained the approach to 'Fit for the Future', and the necessity of doing less. An example was garden waste collection, which was a non-statutory service that the Council provided, and its move from a free collection to a subscription service. The reduction in team staffing could result in the need to increase turnaround times for work, such as the processing of Housing Benefit claims. Alongside service reductions, increases in income would be necessary. The options presented had included mixtures of reducing service provision and increasing charges and fees. Some non-statutory services might need to be ceased, whilst a slower turnaround times on statutory service delivery could lengthen.

The Portfolio Holder committed to holding more discussions with members in coming months. The Chief Executive outlined the Senior Leadership Board meeting, which would consider the details on 1 February 2024 and flesh these out, including a detailed HR plan, which would cover support for staff. The proposal from the Council's leadership was for a cut in staffing levels of 25%. Further strands of work to be done included how to work with stakeholders and external partners, and how elected members could be involved in setting how 'Fit for the Future' was delivered. A smaller staff would not be expected to maintain the Council's total level of work, and the Chief Executive acknowledged the challenge to explain the need for remaining staff that the Council would need to do less. Assurances were given that the areas where service reduction would be carried out would be shown, and a governance process agreed as to how this would be done.

RECOMMENDED to CABINET that the Portfolio Holder for Resources provides further information, to a future Cabinet meeting, on what is done to allocate assets which had previously been held under companies wholly-owned by the Council, where those companies are put into dormancy.