

Scrutiny Panel

Tuesday, 27 January 2015

Attendees: Councillor Marcus Harrington (Deputy Chairman), Councillor Jo Hayes (Member), Councillor Professor Peter Higgins (Member), Councillor Mike Hogg (Member), Councillor Chris Pearson (Member), Councillor Dominic Graham (Member), Councillor Sue Lissimore (Member)

Substitutes: Councillor Jackie Maclean (for Councillor Mark Cable), Councillor Pauline Hazell (for Councillor Beverly Davies)

Also in attendance: Councillor Bourne, Councillor Hunt and Councillor Smith

33 Minutes

The attendance of the meeting of 25 November was amended to reflect that Councillor Young was not in attendance at the meeting, and that Councillor Feltham and Councillor Smith were present.

RESOLVED that the minutes of the meeting held on 25 November 2014 were confirmed as a correct record.

34 Work Programme 14/15

Councillor Harrington introduced the Scrutiny Panel Work Programme for 14/15.

Councillor Graham put forward the suggestion to scrutinise Essex Highways at a future meeting, focusing on the bridge on Spring Lane and the congestion on Northern Approach Road Three. The Panel agreed that an invitation be sent to Essex County Council to invite a Cabinet member and an officer to a future meeting.

Councillor Pearson suggested that the Scrutiny Panel discuss items that could be placed on the Work Programme for 2015/16 at a future meeting. Councillor Hayes stated that all Councillors on the authority are able to suggest items to be included on the Work Programme.

RESOLVED that:-

- a) An invitation be sent to Essex County Council for both an Officer and Cabinet member to attend a future Scrutiny Panel meeting.
- b) The Panel discuss items for Scrutiny for the next municipal year at a future meeting,

c) The Scrutiny Panel Work Programme 2014/15 be noted.

35 Homelessness Gold Standard

Councillor Bourne, Portfolio Holder for Housing and Public Protection, with Karen Loweman, Director of Housing at Colchester Borough Council, introduced the report on Homelessness Gold Standard. The report was included on the Scrutiny Panel Work Programme, after the Panel reviewed Colchester Borough Homes' performance in July 2014, and requested further information on the peer review of homelessness services.

Councillor Bourne stated that in undertaking the Homelessness 'Gold Standard Challenge' review, the service can be compared and benchmarked with other local authorities across the Greater Haven Gateway Partnership.

The challenge is a tool for improvement, the peer review in Colchester was carried out by Maldon District Council, and shows that the service is on track to achieve the Gold Standard. Staff from Colchester reviewed the service in Braintree and have learnt from examples of Good practice. Councillor Bourne stated that this highlights the fairness of the service, and the focus on early intervention. The review also provided a positive opportunity for members of staff to visit other authorities and discuss best practice.

The initial report provided a baseline from which services can be improved, with regular assessment meetings held. The reception and interview facilities, and customer interview observations as noted in the report have become part of the corporately agreed development of Customer service. The review is now in the second stage and is developing priorities of not placing 16/17 year olds in Bed and Breakfasts, and to work with the voluntary sector to develop education, training and employment needs. Colchester Borough Homes aims to have achieved the Gold Standard by January 2016, but this is dependent on the timescale of the partner Local authorities.

Karen Loweman, Colchester Borough Homes Director of Housing, stated that the Peer Review provided a wide range of benefits to Colchester Borough Homes, not just strategically, but in enabling members of staff to visit the other Local Authority services. The assessment sets a benchmark and helps to develop a clear improvement plan. In order to achieve a satisfactory score, 60% is required in each category. The one main area where this was not the case was the on-site assessment of the Customer services centre.

The customer facing service had only just moved across to the Library and many of the recommendations made have already been implemented. Karen Loweman stated that the Homelessness Gold Standard provided a good challenge, and the four authorities involved continue to work together.

The following issues were raised by Councillors:

- Councillor Hazell – Where will the 16/17 year olds be accommodated, if they are

not being placed in Bed and Breakfast's and what are the financial implication of this?

- Councillor Lissimore – How many 16/17 year olds have been placed in Bed and Breakfasts over the last three years; has any work been undertaken with Divisional Based Interventional Team (DBIT) and the Family Solutions Service.
- Councillor Higgins - How forward thinking is the Homelessness service?
- Councillor Hogg – Questioned how the services provides for those young people requiring extra support and care.
- Councillor Hayes – Asked for information on what is required to obtain the gold standard, and information on the high score for accommodation review, and some of the low scores for the website review.
- Councillor Graham – Questioned the low scores in the Customer Interview Observations review.
- Councillor Harrington – Is the gold standard the highest standard?
- Councillor Hazell – How successful is the use of the phone prior to the interviews?

Councillor Bourne and Karen Loweman provided the following responses to the issues raised:

- With regard to the use of Bed and Breakfasts, one of the first ambitions was to reduce the use of Bed and Breakfasts and to prevent those in emergency accommodation from staying outside the Borough boundaries. The service works two organisations, the Youth Inquiry Service and Circle to provide the temporary accommodation and specialist care in place of the Bed and Breakfasts. The service avoids, unless in an absolute emergency, the use of Bed and Breakfasts for 16/17 year olds. With regard to the Customer Service Centre, the homelessness service was reduced into a small area of the library when the review took place. Since then the service has developed and improved, with more points of access, new services such as scanners, and direct access to an appointment.
- Figures for the number of 16/17 year olds place in Bed and Breakfast Accommodation will be provided after the meeting. The figures are always very low as attempts are made to prevent this. The Homelessness service works with a number of organisations and agencies depending on the situation of the individual to prevent homelessness. This includes Essex County Council, the Family Solutions Service, as well as Divisional Based Interventions Team.
- In response to Councillor Higgins, Karen Loweman stated that this forms part of a personal interest and she had previously worked with Central Government organisations which looked specifically at studies on different ways of working. Colchester Borough Homes is looking to develop further employment and training opportunities, so that individuals leave temporary accommodation with additional skills.
- The service attempts to provide individuals with an opportunity and where possible accommodate them. A new partnership has recently begun with the Mental Health Service, where rooms are reserved in the temporary accommodation, providing 24 hour support. Floating support is also available across Colchester to help improve the mental health of individuals whilst in care.
- The Gold standard is set on ten principles, with the overall benchmark being above 60%. The Gold Standard allows for continuous improvement, as well as

the sharing of best practice from authorities. Each of the criteria has approximately 150 questions, which is then accumulated and a percentage score provided. The Colchester service received a high score for Family Mosaics temporary accommodation at Hargood Close. This is a brand new facility providing a high standard of accommodation and well trained staff. There were also good scores for the Colchester night shelter and Bed and Breakfast provision, which is only used for short stays. The website has been reviewed and is currently under development, with further information being uploaded.

- Karen Loweman stated that questions were asked to the assessors to understand the reasoning behind the scores. The main reason was that whilst seeing individuals by appointment, only a small amount of information was provided in advance. This meant that staff weren't entirely prepared in advance of the meeting, and the member of public had not been informed of what information they needed to bring with them. Improvements have now been put in place to phone the member of public about what they can expect at the interview, and what they will need to bring with them. Councillor Bourne highlighted that these steps have significantly improved the customer facing area of the service.
- The Standard is not graded, but an expectation that all participants will strive to achieve the Gold Standard. There are a total of ten steps, and the Colchester service is currently on the third step.
- Contacting the customer by phone in advance of the interview has worked well. This is particularly the case with smartphones as customers prior to the interview can send over pictures of relevant documents.

RESOLVED that the Homelessness Gold Standard be noted.

Councillor Lissimore left the meeting in advance of the next item on the agenda.

36 Strategic Plan 2015 -18

Councillor Higgins (in respect of employment as Essex University) declared their non-pecuniary interests in the following item pursuant to the provisions of Meetings General Procedure 7(5).

Councillor Hunt, Leader of Colchester Borough Council, and Ann Hedges, Chief Operating Officer, introduced the Strategic Plan 2015-18. The Strategic Plan is one of the four core statutory elements of the Council's Policy framework, as set out in Article 4 of the Council's constitutions. Once considered by the Scrutiny Panel, the Strategic Plan will go to Cabinet on 28 January 2015 for approval, and to full Council on 18 February 2015 for adoption. The previous Strategic Plan was published in 2012 and runs until 31 March 2015.

Councillor Hunt stated that the previous strategic plan focused on modernising the Council in light of the Local Government Funding cuts. The principle of the new Strategic Plan is to be more about the Borough than just the Council.

In creating the new Strategic Plan, the Council undertook a number of consultations. This included using focus groups as well as meetings with key stakeholders, members of

staff and the Cabinet. A number of important messages and themes emerged out of the consultation which has been incorporated in the Strategic Plan and reflected in the vision statement 'Rich Heritage, Ambitious Future'.

Councillor Hunt also highlighted Colchester Borough Council's achievements between 2012 and 2015, including the Williams and Griffin investment, the redevelopment of the Castle, new Council houses and the introduction of Food Waste collection to 70,000 homes.

The next stage of the Strategic Plan is to develop the Strategic Plan Action Plan where the Council will indicate how it intends to achieve the priorities set out in the Plan. A sum of £547,000 from the New Homes Bonus for 2015/16 will be used to support actions for delivery of the Strategic Plan.

The following issues were identified by Councillors:

- Councillor Harrington – Asked for information on the financial contributions from Colchester for the Park and Ride in North Colchester and the new A12 junction.
- Councillor Pearson – Questioned what interaction the Borough Council has with transport providers, and what plans the Council has in place to be business friendly. Councillor Pearson also put forward a recommendation that the University be included within the Strategic Plan.
- Councillor Higgins – Asked whether further Council Houses were planned as part of the Strategic Plan?
- Councillor Hayes – Stated that there should be more emphasis on culture and heritage within Colchester, particularly regarding the creativity within Colchester, and the importance of these assets for local people not just visitors. Councillor Hayes put forward a recommendation that the bullet point 'Make more of the great culture and heritage in Colchester so that visitors can enjoy the history and passion' be rewritten to reflect the creativity in Colchester and to incorporate local residents.

Councillor Hunt, Councillor Smith and Ann Hedges provided the following responses to the issues identified:

- In response to Councillor Harrington, Councillor Smith stated that the contribution to Park and Ride is the use of land owned by Colchester Borough Council that is set up on a lease basis. With regard to the new A12 Junction Colchester Borough Council provided land for the BP garage to be relocated to the new junction as part of a land swap. In both cases the contribution has been the value of the land utilised by both schemes.
- The Borough Council regularly meets with Transport providers, and continues to employ a dedicated transport officer due to its importance. Transport providers have also previously been invited and attended Scrutiny Panel meetings. With regard to being business friendly, the Council has an opt-out approach to rate relief for those business properties of a rateable value below £50,000. The Colchester Enterprise Hub is also in place at the Colchester Stadium to help those wishing to start a business. With regard to the inclusion of the University, Councillor Hunt agreed that this should be included within the Strategic Plan

2015-2018.

- In response to Councillor Higgins, Councillor Hunt stated that a request has been made to officers to develop a report on ways to develop more Council houses in the future.

RESOLVED that:

- a) The Scrutiny Panel *RECOMMEND* to Cabinet that the University be included in the Strategic Plan
- b) The Scrutiny Panel *RECOMMEND* to Cabinet that the bullet point 'Make more of the great culture and heritage in Colchester so that visitors can enjoy the history and passion' be rewritten to incorporate the creativity within Colchester, and local residents.
- c) The Scrutiny Panel considered and commented on the Strategic Plan 2015-2018

37 2015/16 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast

2015/16 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast

Sean Plummer, Section 151 Officer and Strategic Finance Manager, introduced the 2015/16 General Fund Revenue Budget, Capital Programme, and Medium Term Financial Forecast report. The Budget will be put forward to Cabinet for approval on 28 January 2015, and then to full Council on 18 February 2015.

Sean Plummer provided a background to the report, stating that the budget reflects the continuing reduction in core government funding, which this year has decreased a further £1.3m. The budget also reflects the changing source of financing and that there is now a greater focus on business rates and the New Homes Bonus. Both are non-ring fenced budgets and are still relatively new funding streams and there is a risk and volatility associated with both. The budget is continuing the savings plans and service reviews, and the work to increase income levels, as has been seen in earlier budgets.

The key points within the Revenue budget proposals are to freeze Council Tax which has been the case throughout the budget process. As part of freezing the Council Tax, the Government is providing a Council Tax grant of approximately £100,000. In addition the report outlines how the New Homes Bonus is to be utilised, with a significant element to be used on a number of different investments. Within the Revenue budget there are proposals to contribute to reserves for specific perceived risks as part of the robustness of the estimates.

The Budget report also includes the Capital Programme, with the schemes in place for 2015/16. The Council has set up the Revolving Investment fund where the Council is looking to use Capital receipt to reinvest in projects across the Borough that will help to

develop income. The proposals also include the new scheme for Priory Street car park.

With regard to the Medium Term Financial Forecast, the report is based on a number of set assumptions, including Government grants, Council Tax income, business rates and other growth areas. Sean Plummer stated that assumptions for the Government grants are particularly difficult to establish due to the forthcoming General Election with no firm indication of funding for 2016/17.. A further report on the Medium Term Financial Forecast will come to Cabinet by July this year. With regard to the finances looking forward, there is a gap next year of £650,000, a gap of £1m in 17/18, and a further gap of £1.4m in 2018/2019.

Councillor Smith added that in order to balance the budget during this financial year, savings of £2.2m have been made. This equates to 73% of savings, 6% of cuts, and 21% from technical items. This includes a rebate on Council tax levies from Essex County Council, Essex Fire Authority and the Police and Crime Commissioner for Essex, reflecting improvements in Council Tax collection. Councillor Smith also stated that the level of earmarked reserves currently totals £8m, with £7.4m allocated, and £530,000 unallocated. The majority of other Councils with similar turnover have a higher level of reserves in place.

The following issues were identified by Councillors:

- Councillor Pearson – With regard to reduction of core government funding, what is the total expenditure over the period since the reductions, and how does this compare to other authorities? In addition, what inflation assumptions are used?
- Councillor Harrington – Questioned whether the £15,000 savings for Public Conveniences was correct, considering the latest information regarding transferral to West Mersea.

Sean Plummer and Councillor Smith provided the following responses to the issues identified:

- In terms of the level of gross budget, this totals £100m, but a significant part of this is Housing Benefit, in terms of the net budget funding this would be approximately £15-£20m highlighting the significance of the reduction in funding. Councillor Smith added that the Revenue support grant has reduced significantly, this had previously provided up to 50% of Colchester's budget, but has now reduced to 14-15%.
- With regard to comparing with other Essex Authorities, the core funding reductions are fairly similar across the District Councils. Differences may occur in areas such as New Homes Bonus, where Colchester Borough Councils receives a relatively high amount.
- With regard to the level of inflation, there is not one set assumption, but different areas affected by different rates. The budget includes an assumption of a 2% increase on pay, as well as assumptions for energy costs, business rates and a number of contracts. In addition the budget includes an assumption regarding increased levels of income, with fees and charges agreed by Cabinet in November. There are a number of areas where the Council is not assuming an

increase in inflation.

- Councillor Smith stated that within the budget, there was no real change to the anticipated savings. These had assumed potential one off costs demolition costs and now this funding could be used as a contribution towards refurbishment.

Housing Revenue Account Estimates 2015-16

Darren Brown, Finance Manager, introduced the Housing Revenue Account Estimates report, stating that the Housing Revenue Account is a ring fenced account, which has responsibility for the management and maintenance of Colchester's Housing Stock. This is in relation to the income and expenditure in fulfilling Colchester Borough Council's landlord function.

Darren Brown highlighted key elements within the report, including that the Council intends to run the balances at the minimum prudent level for the next financial year. In addition Colchester Borough Council will follow the Governments new rent proposal, which is attached to the Consumer Price Index meaning an increase of 2.2%. In terms of expenditure budgets, they are broadly in line with budgets from 2014/15. The budget includes the management fee paid to Colchester Borough Homes, and the level of repair and maintenance budgets.

In terms of Capital financing costs, Darren Brown highlighted that this has increased, as the Council has undertaken further borrowing for investing in Housing.

Darren Brown also highlighted the 30 year financial modelling, which highlights the ability to continue to invest in housing and repay the debt. This provides a good position in the long term for the Housing Investment Programme.

Councillor Hogg questioned what percentage of the tenants will pay the increased 2.2%. In response, Darren Brown stated that he believed that approximately 60% of tenants were receiving full Housing Benefit, or partial Housing Benefit. Further information would be provided to Councillors after the meeting.

Housing Investment Programme 2015-16

Darren Brown, Finance Manager, introduced the Housing Investment Programme 2015-16 report. The report relates to the Capital programme for the Housing stock. This includes the refurbishment to the sheltered housing programme, with the completion of Worsnop House and commencement of works at Enoch House. The report also details upgrades to Council Housing stock, such as kitchen and bathrooms, as well as the 34 new Council houses.

Darren Brown stated that the report, also makes the provision for further investment in new build council houses.

Councillor Higgins questioned the overall decrease in the level of investment. In response Darren Brown stated that the drop in investment is as a result of the completion of the sheltered accommodation review. The profile of spend would also

depend on when the work in Council Houses, such as replacing boilers, becomes necessary. Councillor Smith stated that Colchester Borough Council has aspirations for further council houses, the finances of which would be included when plans are discussed in the future.

RESOLVED that the Scrutiny Panel reviewed:

- a) The 2015/16 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast,
- b) The Housing Investment Programme 2015/16, and
- c) The Housing Revenue Account Estimates 2015-16

38 Treasury Management Strategy Statement

Steve Heath, Finance Manager, introduced the Treasury Management Strategy Statement report. The report includes the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and the Annual Investment Strategy prior to them being considered by Cabinet and Full Council as part of the wider budget for 2015/16.

Steve Heath outlined that the Treasury Management Strategy is largely unchanged from the current approach. The forecast within the report shows that the UK bank rate is expected to remain unchanged to the end of 2015, and only forecast to rise by 0.25% by the end of the 2015/16 financial year. This means that the Council will continue to avoid new borrowing, as far as the cash flow allows, due to the cost of carry to new borrowing. This strategy maximises short term savings, and reduces exposure to interest rate and credit risk. As the medium term forecast states that borrowing rates will rise, the Councils approach will continue to be kept under review to avoid incurring higher costs in the future.

The investment strategy will continue the low appetite for risk, with investments only taking place in countries that have a high sovereign credit rating, or UK counter parties. The strategy is expected to see a budgeted return on investments, placed for periods of up to 100 days during the year, of 0.6%

Steve Heath stated that there had been some alterations to the existing policy. This included changes to Capita Asset Services' credit rating methodology, focusing on just short and long term ratings. This is unlikely to impact on the institutions that the Council currently invests with. The second change is that the Council will now consider longer term investments if attractive rates are available within the risk parameters that have been set. Longer term deals have been avoided over the past few years due to the low levels.

This report is the first of three Treasury Management reports to go to the Scrutiny Panel.

There will be a mid-year report due in November, and an annual review following the end of the financial year.

The following issues were identified by Councillors:

- Councillor Pearson – Asked for further information on the prediction that interest rates will rise at the end of 2015, and whether a change in the prediction would alter the medium term aims?
- Councillor Graham – Asked for clarification on the position of under borrowing when interest rates are low.
- Councillor Higgins – Asked for clarification on the historic debt liability of 4% as mentioned in paragraph 3.3.

Steve Heath and Councillor Smith provided the following responses to the issues identified:

- The report reflects the latest forecast that is not only from the Treasury Advisors, but also from Capital Economics, which are included in Appendix A. The latest forecast released on the 5th of January shows a slight softening on the forecast. As long as the Borough Council cash flow allows, the approach to borrowing would remain as stated.
- The Councils approach on borrowing has been adopted since the credit crisis in 2008. Currently the Council is internally borrowed by £13m. The long term borrowing rates have been in the region of 4%, with an average return of 0.5%, creating a cost of carry for financial borrowing, which if adopted would have cost £300,000 per annum since 2009. Borrowing is continually reviewed as the Council will have to borrow at some point in the future. Councillor Smith stated that, with regards to the Housing Revenue Account the Council deliberately borrowed over a long period of 50 years, which provided stability.
- Paragraph 3.3 applies to the Minimum Revenue Provision. This amount has to be allowed within the revenue budget in relation to the repayment of the principle of the debt. For historic debt this was prescribed at 4%, and does not relate to interest. Councillor Smith added that a bond is due to mature in 2020, which is currently paying interest at 8%. The bond has been incorporated into the maturity profile of the debt, as otherwise it would represent a significant spike in debt.

RESOLVED that the Scrutiny Panel reviewed Treasury Management Strategy Statement.