

SCRUTINY PANEL 11 NOVEMBER 2014

<i>Present :-</i>	Councillor Beverly Davies (Chairman) Councillors Jo Hayes, Marcus Harrington, Mike Hogg, Peter Higgins, Sue Lissimore and Chris Pearson.
<i>Apologies :-</i>	Councillor Mark Cable, Councillor Dominic Graham
<i>Also Present:-</i>	Councillor Tim Young

21. Decisions Taken Under Special Urgency Provisions

Councillor Marcus Harrington, Deputy Chairman, acted as Chairman for the following items as Councillor Davies was delayed in attending. The item on the Briefing Paper on the former Garrison Gym was delayed until the last item on the agenda.

Councillor Harrington introduced the report on the Decisions Taken Under Special Urgency Provisions, asking the Panel to note the details of the report.

The decision taken was for the Council to agree to join the Essex Pool for business rates. This decision enables the Section 151 Officer and Monitoring Officer in consultation with the Portfolio Holder to be authorised to finalise the specific pooling arrangements together with any necessary documentation.

RESOLVED that the details of a report taken by a portfolio holder in accordance with the Special Urgency Provisions be noted.

22. Work Programme 2014/15

Councillor Harrington introduced the Scrutiny Panel Work Programme for 14/15. It was suggested that the attendance of the Colchester Hospital University Foundation Trust be moved to the first item on the agenda for the meeting on the 2nd of December.

Ann Hedges stated that the Strategic Plan Action Plan 2015 had been added to the agenda for the meeting on 27 January.

RESOLVED that:

- i) The item on Colchester Hospital University NHS Foundation Trust be moved to the top of the agenda for the meeting on 2 December.
- ii) The Scrutiny Panel Work Programme 2014/15 be noted.

23. Local Council Tax Support 2015/16

Samantha Preston, Customer Solutions Manager, introduced the Local Council Tax Support scheme report, with Jason Granger, Customer Interventions Manager, and Councillor Paul Smith, Portfolio Holder for Business and Resources. The report asked for

the Panel to review and comment on the third year of the Local Council Tax Support scheme.

The report recommends that the Local Council Tax support scheme 2015/16 remain fundamentally unaltered, other than the following changes;

- Disregard in full child maintenance income for the purpose of income assessment.
- Set a minimum level of entitlement to £1.00.
- Increase non dependant deductions from £10 to £11.

Samantha Preston highlighted, that the amendment to disregard in full child maintenance income for the purpose of the Local Council Tax support income assessment, was considered and put forward after representations received by Gingerbread, a charity for single parents, and after considering further guidance from the Department for Communities and Local Government on the subject.

The scheme will go to Cabinet on 26 November and to Full Council for approval on 11 December, in advance of 31 of January approval deadline. If a decision is not made before this date, the scheme reverts to a default scheme.

The report for the Scrutiny Panel also included the consultation responses, which show general support for the changes that have been recommended and not a fundamental change in the scheme.

Councillor Smith stated that the amendment to disregard in full child maintenance income for the purpose of income assessment has been put in the scheme at the earliest opportunity after the contribution from Gingerbread. With regard to the scheme amendment of the minimum level of entitlement being set at £1, this is because of the disproportionate cost of administration.

Councillor Smith also outlined that Colchester Borough Council are continuing the Back to Work Bonus from the 2014/15 scheme, which provides an additional four weeks support for those who find work.

The following issues were raised by Councillors:

- Councillor Harrington - How is the cost of the first recommendation being addressed to balance the scheme?
- Councillor Pearson - How many families will the minimal level of entitlement impact?
- Councillor Hayes - Why has the Council decided on a minimum level of entitlement at £1, and does this have any other effect on other benefits?
- Councillor Harrington - Asked for clarification regarding child maintenance and spousal maintenance and payment of Council Tax.
- Councillor Lissimore - Was there consideration for increasing the minimum level of entitlement to £5?
- Councillor Pearson - Asked whether there is a way to simplify the Local Council Tax scheme document for public consumption.

Samantha Preston, Jason Granger and Councillor Paul Smith provided the following responses:

- Councillor Smith responded to Councillor Harrington stating that the cost of the first recommendation totals £19,232.09. The second two recommendations will return over £13,000.
- This recommendation of a minimum level of entitlement of £1 will affect approximately 72 families across Colchester.
- The reasoning behind the recommendation of £1 is because of the disproportionate cost of administering those benefits. The recommendation aligns us with more with the wider benefit framework, and does not have any effect on any other benefits for an individual.
- In response to Councillor Harrington, Jason Granger stated that for the 2015/16 scheme the amendment is to disregard child maintenance, but spousal maintenance remains.
- A comparison has taken place with other local authorities and other local authorities do carry similar minimum levels of entitlement. This will be of minimal impact to residents and not a step change in our current scheme. Councillor Smith stated that increasing the minimum entitlement further could cause hardship over the length of a year.

RESOLVED that the Local Council Tax Support Scheme for 2015/16 be noted.

24. Financial Monitoring Report - April to September 2014

Councillor Davies joined the meeting in advance of this item, but Councillor Harrington maintained the Chair.

Darren Brown, Business Manager, introduced the Financial Monitoring Report, asking the Scrutiny Panel to review the financial performance of all General Fund Services and the Housing Revenue account (HRA) for the first six months of 2014/15.

Darren Brown stated that the report highlights that the projected outturn for both the General Fund and Housing Revenue are broadly on track. The outturn forecast after six months is an underspend of £409,000 in the General Fund Account, and a £200,000 underspend in the Housing Revenue Account. The report states that there have been improvements in income, particularly an increase in planning applications. but these have been partially offset by increasing cost pressures.

A further update will be provided for the Scrutiny Panel, at the January meeting as part of the 15/16 Budget setting cycle.

The following issues were identified by Councillors:

- Councillor Lissimore – Asked for clarification on the Commercial Services budget, as there are a number of red categories.

- Councillor Higgins – Questioned whether the information contained in Appendix A provided a true reflection of the budgets, as a number of them are categorised as Red or Amber.
- Councillor Davies – Are budgets being set realistically considering the underspend included in the budget?
- Councillor Hayes – Where are the returns from the investment on Solar Panels included within the budget, and are there plans to place solar panels on Council property assets?
- Councillor Pearson – At what point is a decision made to spend the underspend?
- Councillor Davies – Asked for further information about the underspend and overspends as part of the Governance restructure.

Darren Brown and Councillor Paul Smith provided the following responses:

- The Commercial Services budget is currently projected to have an underspend of £128,000 at the end of the financial year. That primarily relates to Trading Services budgets which include Helpline, CCTV, Bereavement and Building Control. Whilst the income is reduced in these areas for this year, there are savings for employee and general supplies and services budgets, resulting in a net benefit.
- Appendix A summarises money spent to date, alongside the expected profile of the budget. At the beginning of the year managers profile when payments are expected to be paid and forecast accordingly. The payments can be spread unevenly through the year, and therefore are categorised as amber or red. Instructions are given to managers to closely monitor red and amber schemes over the course of the year, any underspend that is compromising the service would be picked up on.
- Councillor Smith stated that the budgets are a prediction set at the beginning of the financial year. It is difficult to forecast budgets precisely because many are influenced by different factors. Examples of this are the early departure from Angel Court, which has led to a reduction in the amount Colchester Borough Council has had to pay in rent and additional Planning income from applications.
- In response to Councillor Hayes, income from the Solar Panels is included in Appendix D under Customer and Clients Receipts. This totals approximately £18,000, which is 5% above the predicted budget. Currently Colchester has solar panels installed on 5 buildings, including Leisureworld. As these are new installations they are not reflected in this year's budget but will be included next year.
- The Cabinet reviews the underspend throughout the year, and then allocates the funding to various projects. In previous years, funding has been allocated to staff costs and solar energy.
- With regard to the Governance Budget in Appendix C, this is as a result of an underspend for employee costs, but a larger overspend on legal consultancy and vehicle hire costs.

RESOLVED that the Financial Monitoring Report - April to September 2014 be noted.

25. Capital Expenditure Monitor 2014/15

Steve Heath, Finance Manager, introduced the Capital Expenditure Monitor for 2014/15 report, which asks the Scrutiny Panel to review the level of capital spending for the year to date, and the forecast for future years.

Steve Heath stated that the total spend so far during the year totalled £6.5m, accounting for 26% of the projected spend for the year. A significant proportion of this spending relates to the Housing Improvement programme with a number of new contracts starting this financial year.

Within the report, there are three schemes which are projecting a net overspend of £22,600. These schemes are the Town Hall DDA Sensory Project, Carbon Management Programme, and Site Disposal Costs. Across all schemes, eight are reported as amber, and none are categorised as red.

The following issues were identified by Councillors:

- Councillor Lissimore – Is there any further information on the new bailer at the Shrub End Depot, and are there any delays for adaptations?
- Councillor Higgins – Asked for clarification about the full year budget forecasts, and expenditure levels so far this year; asked for assurances that the Capital projects were continuing, particularly the Walls – Town, Castle and Closed Churchyard.
- Councillor Hayes – When are containers for flat recycling going to be distributed across Colchester, and asked for further information on the Surface Water Flooding – Distillery Lane/Haven Road.
- Councillor Davies – Asked for further information with regards to the Town Hall DDA Sensory Budget and Site Disposal Costs, particularly regarding the longevity of the schemes, and why the Garrison Gym is categorised as Amber when no funding is allocated.

Steve Heath and Ann Hedges provided the following responses:

- There has been a delay in commencement for installing the new bailer, as a number of other factors have had to be taken into account. Essex County Council is currently in consultation on recycling sites, and as a result Colchester Borough Council are having a review of the Waste and Recycling Services locations to ensure best value for money. The project has been deliberately delayed to ensure the bailer is installed in the correct location. With regard to the adaptations, the scheme is rated as green, and there has been no indication to Senior Managers that there are any significant delays. The latest information on adaptations will be provided after the meeting.
- In response to Councillor Higgins, the actual expenditure represents when invoices and bills have been paid by Colchester Borough Council. These occur at different points throughout the year, which give the impression of a discrepancy. An example of this is the Castle which has been completed and is open, but the final bill has not yet been received. The Walls – Town, Castle and Closed Churchyard Scheme was also confirmed as continuing as scheduled. Paragraph 4.1 highlighted that expenditure is unlikely to be incurred evenly throughout the year.
- In response to Councillor Hayes, Steve Heath stated that further information on flat recycling and Surface water flooding will be circulated to Panel members.

- The Town Hall DDA Sensory project will be removed from the table in the next report as the final payment has been made. The Site Disposal costs are relating to land sales by the Borough Council and the on-going costs associated. The Garrison Gymnasium is included within the Capital report as it remains a live scheme. Its categorisation of amber is because the scheme is delayed, and because the Borough Council is waiting for information regarding the insurance claim, which may result in work taking place during this financial year at the site.

RESOLVED that the Capital Expenditure Monitor 2014/15 be noted.

26. Treasury Management Strategy Statement - Mid-Year Review Report 2014/15

Steve Heath, Finance Manager, introduced the report on the mid-year Treasury Management Strategy Statement. The report provides a half yearly update on treasury management at Colchester Borough Council and serves as a review of the strategy that was agreed in February.

Steve Heath highlighted a number of external factors that may impact the Treasury Management Strategy. The first is a forecast of an increase in the Bank Rate during quarter 2 of 2015, and the second is the expected removal of the current 'uplift' from the three credit ratings agencies. This will not directly affect Colchester Borough Council, but will alter the processes under taken by Capita Asset Management's methodology.

During this year, there has been no new borrowing undertaken, and it is anticipated that Colchester Borough Council will be able to continue to borrow internally for the foreseeable future. All of the borrowing by the Council is within approved limits, on a short term basis, and only with those institutions within the highest credit rating.

The Treasury Management Strategy in 2014/15 has outperformed the benchmark; the Central Loans and Investment Account (CLIA) currently has a favourable variance of £50,000. Steve Heath stated that the scheme is fit for purpose, and there are no changes proposed for the scheme during 2014/15.

Councillor Hayes asked for clarification on when the £126m of Capital financing requirement for housing was acquired. In response Steve Heath started that the majority of the debt related to the Governments Housing Revenue Account reform that took place two years ago. This meant that Colchester Borough Council had to buy itself out of the Housing Revenue Account subsidy system. A small element of the debt relates to the decent homes programme.

RESOLVED that the Treasury Management Strategy Statement - Mid-Year Review Report 2014/15 be noted.

27. Briefing Paper on the former Garrison Gym

Councillor Davies assumed the Chair for the Briefing Paper on the former Garrison Gym item.

Councillor Feltham, Portfolio Holder for Communities and Leisure Services, introduced the briefing paper on the former Garrison Gym.

Councillor Feltham outlined that the former Garrison Gym project began with the transfer of the asset from the Ministry of Defence to the Council as part of a Section 299A agreement. This meant that from the outset the building had to be put to community use. The Council held a tender process, and subsequently entered into negotiations with the preferred bidder the Abbeyfield Community Church. These negotiations were at a very advanced stage when the fire destroyed the building in June 2013.

Since the fire, there have been on-going negotiations with the insurer regarding the claim to rebuild the Gym. The difficulty and delay with the negotiations is that the rebuild will not replace the internal structure of the Garrison Gym as the previous layout would not be suitable for community use.

Colchester Borough Council are currently in consultation with the Abbeyfield Community Church over three options for a new internal layout.

The following issues were identified by Councillors:

- Councillor Davies – Is the Council keeping Abbeyfield Community Church informed of all the circumstances, and are they still wishing to proceed?
- Councillor Harrington – Is the Council satisfied with the rate of negotiations with the insurers, and is there an estimation of the time the negotiations will take?
- Councillor Hogg – Is there a minimum standard for the construction of the gym used as a starting point for negotiation.
- Councillor Hayes – Asked for clarification on the terms of the lease proposed for the building.

Councillor Feltham and Councillor Smith, provided the following responses;

- The Abbeyfield Church are being kept informed of the latest developments, and are still keen on pursuing the usage of the former Garrison Gym. This is evidenced by the three plans they have been a part of for the rebuilding of the Garrison Gym, and the commitment to fund this part of the rebuild.
- Difficult to provide a timescale for the conclusion of the negotiations. The delay is because the Council is not seeking a like for like rebuild of the internal layout of the Gym. Colchester Borough Council is trying to get the best possible deal as quickly as possible.
- There is some complication with regards to the construction of the Gym, as there is an issue with VAT exemption. As this is a repair rather than a demolition, the works completed by the Council would be classed as exempt, but those undertaken by the Community Group would not be. If the Council were to complete all the works, there is a risk that this could push the Council over the exemption limit.
- In response to Councillor Hayes, the property team are experienced in the arrangement of such leases. The procedure has gone through a transparent process with a clear requirement of the buildings usage. If the building was to be used for a commercial use, then the Secretary of State for Defence would be able to claw back some of funding raised.

RESOLVED that the Briefing paper on the former Garrison Gym be noted.