

SCRUTINY PANEL

31 JANUARY 2016

Present:- Councillor Davies (Chairman), Councillor Arnold,
Councillor Coleman, Councillor Fox, Councillor Hogg,
Councillor Scordis, Councillor Wood

Also in Attendance:- Councillor Cory, Councillor Oxford

101. Minutes

RESOLVED that the minutes of the meetings held on 12 December 2016 and 13 December 2016 were confirmed as a correct record.

102. Digital Challenge

Pamela Donnelly, Executive Director, introduced the report, which requests that the Panel review the report and associated documents and comment on the progress made to date and the planned activity for the Digital Challenge.

Pamela Donnelly informed the Panel that the report provides an update on progress one year on from the beginning of the project, as well as a reminder of the key issues that the project is hoping to tackle. The report also includes information on the level of investment in digital services required to achieve the digital challenge aims. Pamela Donnelly stated that the Digital Challenge includes two strands of work, the first strand focuses on smarter working, maximising services through utilising technology. The second strand, paperchase, relates to significantly reducing the use of and reliance on paper, print and postage. Pamela Donnelly thanked Stephen Nash, Programme Manager, for his work on the Digital Challenge.

Pamela Donnelly gave the Panel a presentation highlighting outlining how the Digital Challenge will be delivered, the progress so far, outcomes from the progress and the next steps for the project. Pamela Donnelly highlighted the investment made in technology and how this, through cultural change and training, will enable staff and Councillors to work more effectively and efficiently, particularly with Office365. The reduction of use of print and paper as well as investment in IT to maximise efficiency will provide £1m of savings over four years. The Digital Challenge has also provided an opportunity to offer learning to other Local Authorities, which could provide a further source of income.

Pamela Donnelly highlighted changes to the payroll system, which over the next 6-12 months would provide efficiency opportunities through self-serve. In addition, the Council is working on implementing improved Customer Relations Management software, Microsoft

Dynamics and Arcus, which will improve the customer journey and delivery of the Digital Challenge.

Pamela Donnelly also informed the Panel about the Community Hub and Spokes development. The Community Hub, situated in the library, has provided the opportunity for public services including Essex County Council, the Police and health services to come together in a single point of contact. This allows for quick referrals to the relevant authority. This approach has been seen as a leading innovation in Essex by the Department for Communities and Local Government who provided £200,000 funding for the project. The next stage of the development is to expand the 'spokes' by utilising community centres, parish councils and libraries across the Borough.

Pamela Donnelly highlighted to the Panel that the increase online capabilities for dealing with customer queries has reduced the requirement for customers to request face-to-face appointments by 55%. The savings from this are then use to preserve frontline customer contact.

Councillor Oxford, Portfolio Holder for Customers, stated the Council has to adapt the way in which it communicates with customers so that it is convenient for them. Whilst many customers wish to contact Colchester Borough Council online, it is essential that assistance be provided to those who do not wish to use online services and prefer face-to-face meetings. In providing online systems, the savings from this allow for face-to-face meetings to continue to be available.

The following questions were asked by Councillors;

- Councillor Davies – Questioned whether customers who contacted the Council would in future have just one account to ensure quick access to relevant information.
 - Pamela Donnelly confirmed that the introduction of Microsoft Dynamics Customer Relationship Management system would provide a single record of customer transactions. However, given that some information may not always be appropriate to be stored in the same place, information may be grouped so that different officers could access different information. The exact details of this are currently being devised following implementation of Microsoft Dynamics. Councillor Oxford highlighted a scheme called 'tell us once' which will mean that customers will only have to fill in one form when they originally contact the Council.
- Councillor Arnold – Highlighted that a number of local residents were concerned about using the internet due to the potential risks, rather than technology itself and questioned what assistance the Council can provide in these circumstances.
 - Councillor Oxford highlighted the assistance the officers can provide in both the Community Hub and the 'spokes' to demonstrate that using technology and the internet does not have to be an intimidating experience. Pamela Donnelly highlighted that a lot of work has been completed at the hub to try and take the

fear of using technology away. Other offline methods of payments will still be available to those customers who prefer not to use online payments.

- Councillor Hogg – Highlighted examples of fraud and scam e-mails that are common online, as well as concerns regarding relying on one device for multiple uses.
 - Pamela Donnelly highlighted that internet users need to be aware of the fraud and scams that can occur. Providing training assists in reducing the fear associated with using the internet and adopting new technologies; Pamela Donnelly highlighted the Go Online Partnership, which works with banks and retailers to help residents go online. With regard to data loss, Pamela Donnelly advised that important information should be backed up so that is accessible from other devices.
- Councillor Davies – Suggested that the Council should streamline and simplify it's points of contact, given that there are references to 'capture once and reuse', 'touch once and deal' and 'tell us once' campaigns.
 - Pamela Donnelly highlighted that the Council is focusing on continuing to improve its communication to make interacting with the Council an easier experience for customers. The introduction of Microsoft Dynamics and business re-engineering will assist with this process. If requested a further update on progress on the digital challenge could be brought back to the Panel in a year's time. Councillor Oxford confirmed that the Council has learnt and improved the experience to make it as easy as possible and to increase the number of users online.
- Councillor Fox – Questioned whether the Council would be altering its social media policies to respond to queries outside of traditional office hours.
 - Pamela Donnelly confirmed that this is currently being assessed and an access strategy has been drafted. There is a wider debate about whether this is an appropriate method of communication for public sector organisations given the risks associated and the political environment in which they operate.
- Councillor Coleman – Questioned what could be done to assist those who do not intend to use modern technology to access services.
 - In response to Councillor Coleman, Councillor Oxford stated that services to help those who do not use modern technology to access Council services will remain. The Council will continue to be contactable through post, telephone or a face to face meetings. Pamela Donnelly highlighted that the Community Hub provides 6-7 access points where customers can use online Council services. These access points are supported by Council Officers to assist and respond to any queries. In addition to this, the Council also has Go Online Champions that operate in community centres to help those who do not have access to online services.
- Councillor Scordis – Queried whether further steps to reduce the printing of agendas for Councillors could be taken.

- In response, Councillor Oxford highlighted the availability of the MyCMIS tablet application, which automatically delivers agendas to personal devices and allows for annotation. The Panel were also informed that Councillors are able to opt out of receiving paper agendas if they wish to, and that the steps to move to digital agendas for Committee meetings forms part of the Review of Meetings and Ways of Work currently being held by the Governance and Audit Committee.

RESOLVED that the progress made to date on the Digital Challenge project has been reviewed.

103. Treasury Management Strategy Statement 2017/18

Steve Heath, Finance Manager, introduced the Treasury Management Strategy Statement 2017/18. The report requests that the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy be reviewed prior to it being considered by Cabinet and Full Council as part of the 2017/18 budget report.

Steve Heath highlighted that this report forms part of the General Fund Budget report that is being taken to Cabinet on 1 February 2017. Steve Heath stated that the report provides information on the latest forecast for capital expenditure between 2017/18 and 2019/20. The overall approach remains largely unchanged from the current year, but does include the adjustments made as part of the mid-year review.

Steve Heath informed the Panel of the adjustments that had been made. The first of which related to the minimum revenue provision policy statement. The Council is required to pay off an element of its capital financing requirement every year; which had previously been set at 4% per year. Following advice from external auditors this has been changed to equal instalments each year over a period of 50 years. This measure came into effect this year and provides a revenue saving of £93,000 for 2016/17 and 2017/18.

The Panel were also informed about the revised interest rate forecast; in August 2016 the rate was cut from 0.5% to 0.25%. The current forecast predicts that the interest rate will remain at 0.25% until the middle of 2019.

With regard to the borrowing strategy, the Council has a policy of internal borrowing, which maximises short term general revenue savings and reduces the Council's exposure to counterparty risk. As the rates available are now lower, this needs to be balanced against the current potential of long term savings. Steve Heath stated that the Council has still not undertaken any new external borrowing this year, but this will be kept under review based on the rates that are on offer.

In terms of the investment strategy, as the bank rate is currently low the estimated returns are also low; the cost pressures from this have been built into the 2017/18 budget. In addition, there has been an adjustment to the sovereign debt limits, which currently stands at -AA; the policy has been changed so that the UK is excluded.

Steve Heath also highlighted that this is the first of three scheduled reports regarding Treasury Management, with the end of year review and mid-year review to follow. Any additional updates that are required will be provided through the Capital Quarterly Monitoring reports.

Councillor Coleman questioned how accurate the bank rate prediction would be, given the changing political circumstances. In response, Steve Heath highlighted the difficulty in predicting the future level of bank rates as there are so many different issues that could influence it; a summary of these issues that could affect the economic outlook are provided in the report. The appendix to the report includes a two year forecast by the Council's external treasury management advisors and another economics organisation which are both relatively consistent in their two year predictions.

RESOLVED that the Treasury Management Strategy Statement, Minimum Revenue Provision Policy State and Annual Investment Strategy has been reviewed.

104. 2017/18 General Fund Revenue Budget, Capital Programme, Medium Term Financial Forecast, Housing Revenue Accounts Estimates and Housing Investment Programme

Sean Plummer, Strategic Finance Manager, and Councillor Mark Cory, Portfolio Holder for Resources, introduced the report. The report requests that the Panel review and comment on the 2017/18 General Fund Revenue Budget, Capital Programme, Medium Term Financial Forecast, Housing Revenue Account Estimates and Housing Investment programme reports which are being submitted to Cabinet on 1 February 2017.

Sean Plummer informed the Panel of the key points within the report. This included the current situation with government funding; Sean Plummer confirmed that the Council had applied to accept the four-year settlement from the government. This meant that the Council is aware of the reduction to government funding for a further two years (2018/19 and 2019/20). In 2017/18 the government grant will reduce by 17%, £980,000. In addition to this the government also confirmed a reform to the New Homes Bonus which has resulted in a £931,000 reduction in the grant for 2017/18. Sean Plummer also confirmed that the funding streams are going to continue to reduce in future years.

With regard to the cost pressures for 2017/18, the budget report includes information about the business rates revaluation, which has seen an increase in cost to the Council of approximately £100,000. Other cost pressures include the apprenticeship levy, and the reduction in interest earnings. Alongside the cost pressures, the budget report includes information around growth items that are recommended for inclusion in the budget, this includes an allocation for Councillors locality budgets and £110,000 in the base budget to support delivery of strategic plan priorities. Following confirmation of the level of New Homes Bonus, £500,000 has been allocated to the Mercury Theatre and £87,000 allocated to the Waste Review. The remaining £2.036m will be allocated to help deliver projects which support strategic plan priorities and deliver income to assist with managing future budget pressures; further information on this will be available in due course.

Sean Plummer highlighted the savings and income included in the report, and informed the Panel that £0.9m of the savings required are as a result of the reduction of New Homes Bonus. In terms of Council Tax, the proposal in the report is an increase of 2.8%, which equates to £4.95 for a Band D Council Tax property; this is below the £5 Government threshold. Sean Plummer informed the Panel that in the government's own spending power figures they assume that the Council Tax will increase by £5. The report also includes further information about the balances and reserves, Sean Plummer stated that the Council has balances of £0.3m above the recommended level. Sean Plummer stated that following the assessment of risks it is up to the Council to consider whether balances should be held at a higher level to provide flexibility and given the financial outlook.

With regard to the Medium Term Financial Forecast, it is expected that core government funding will reduce in line with the 4-year settlement and that the New Homes Bonus will also reduce by a further £2.5m over the next three years. It is predicted that following further savings and anticipated income levels already built into budget forecasts there will still be a budget gap of £2.5m after the next three years.

The following questions were raised by Councillors;

- Councillor Davies – Questioned where, in the budget report, the capital cost of the waste review was listed.
 - In response, Sean Plummer stated that the capital programme is included on page 80 within the report. This highlighted that there is sufficient funding from capital receipts to spend the £857,000 allocated. The information is not shown within the detailed capital programme at this stage, as the report to cabinet includes a recommendation to include it in the programme. If the budget is approved at the Full Council meeting it will be added to the capital programme budget.
- Councillor Davies – Suggested that the aims of the waste strategy can be achieved by limiting individuals residual waste rather than spending £857,000 of capital on the provision of wheelie bins, and questioned whether the spend could be reviewed again.
 - In response Councillor Cory highlighted that this issue had been to Scrutiny previously, and that the decision to commit the capital spending followed a public consultation and conversations with local ward councillors. The investment is required to make the changes that were agreed which includes wheelie bins in wards where they will be introduced and additional green boxes where required.
- Councillor Arnold – Queried what the Waste review revenue budget savings and expenditure will be for future years.
 - Councillor Cory highlighted that the savings and costs for the waste review were included within the report that went to Cabinet. Councillor Cory also confirmed that an upgrade to freighters as part of a regular cycle was already due to occur. Councillor Cory confirmed that more one off costs may arise, but page 71 within the report highlights the one off capital cost of the waste review. In terms of revenue budgets, net savings of £38,000 are anticipated each year. Councillor Cory also highlighted the environmental benefits in reducing the amount of waste that is going to landfill which

would benefit Essex County Council in reducing the costs of landfill tax. Councillor Cory also suggested that the Waste Strategy could be reviewed by the Scrutiny Panel in a years' time.

- Councillor Davies – asked for further clarification on the net cost of the waste strategy.
 - Councillor Cory confirmed the position in respect of one-off costs and recurring savings.
- Councillor Wood – Requested further information on whether Ipswich Borough Council assisted in funding Colchester and Ipswich Museums Service.
 - In response, Sean Plummer stated that the section in the budget refers predominantly to the income from the Colchester Castle museum. Sean Plummer informed the Panel that the management arrangements with the Colchester and Ipswich Museums Service had recently changed, so that the income from the Colchester Museums is kept by Colchester. The costs of running the Colchester and Ipswich Museums Service remains shared between Colchester Borough Council and Ipswich Borough Council.
- Councillor Arnold – Questioned whether the money raised by museums in Colchester is retained by the Colchester and Ipswich Museums Service. Councillor Arnold also requested further information on the budget of the museums service.
 - Sean Plummer stated that the income from Colchester Museums is presented in the budget in a different account. Currently the contribution to the Colchester and Ipswich Museums Service (CIMS) exceeds the income generated by museums in Colchester and the money received in income is used to fund CIMS. Sean Plummer stated that he would provide further information on the level of income from Colchester Museums and the contribution to the Colchester and Ipswich Museums Service after the meeting.
- Councillor Davies – Questioned whether the projected income for sport and leisure is going to be achievable. Councillor Davies also asked about membership information and whether this had increased.
 - Sean Plummer confirmed that as Section 151 Officer, there is a requirement to comment on the robustness of the budget. All items included within the budget have been looked at in detail, with Heads of Service required to set out assumptions and risks. Sean Plummer stated that the projected incomes are achievable however there are a number of external factors that could influence this. Sean Plummer highlighted that the income level had been anticipated to be higher than the level provided in the budget, but following a delay in the Sport and Leisure Project this was altered. Councillor Cory informed the Panel that he was confident about the income estimates, following the investment in the leisure facilities. With regard to the membership information, Councillor Cory recommended that Councillor Davies contact Councillor Feltham.
- Councillor Davies – Questioned whether the car park income level could be achieved.

- In response Councillor Cory was confident that the income could be achieved given the circumstances in the previous year, such as the introduction of Park and Ride which did not impact on car park income as much as expected. In addition, looking forward, Councillor Cory highlighted the Fenwick store and the soon to be open Primark store which would increase footfall in the town centre. Sean Plummer informed the Panel that an update on the income from car parks up to quarter 3 of 2016/17 would be brought to the next Governance and Audit meeting. Sean Plummer confirmed that the latest forecast was broadly on target to be achieved
- Councillor Wood – Asked for further information about the Tiptree Parish Council Store and WC's.
 - In response Sean Plummer confirmed that this was a Section 106 funding agreement that the Council had received to be allocated to that particular scheme.
- Councillor Coleman – Asked for further information about the future arrangements for collection and retaining business rates.
 - Sean Plummer stated that currently the Council collects c£60m in business rates in the Borough; £4m of this is kept by the Council. The future arrangements will see this change, but it is likely the adjustments will be made so that the actual amount of business rates retained by the Council would be broadly similar to the current arrangements.
- Councillor Davies – requested an update about 'Think Global, Act Local'.
 - Councillor Cory stated that this is a project where the Council will invest in supporting vulnerable communities. There has been a workshop looking at how the Council can reallocate resources given the many challenges that are being faced across public services. This has included looking at the issues around homelessness and provision of Colchester Borough Council's own emergency bed and breakfast. Pamela Donnelly, Executive Director, stated that this piece of work was a result of Colchester Borough Council being positioned further down the indices of deprivation, and looking to see how reallocating funding can help improve the situation. Councillor Feltham has agreed that the priority will be the 0-19-year-old age group to try and tackle issues early on. The next stage is for teams, including the Safer Colchester Partnership, the Public Health Team and Councillor Feltham to come together to review a range of projects that will tackle the issues.
- Councillor Arnold – Requested further information on the budget transfers for the Gosbecks Reserve, including what has been spent over the last twenty years.
 - Sean Plummer confirmed that the information going back as far as possible would be provided after the meeting. Sean Plummer highlighted that in many cases, the costs may be starting to exceed the income because of lower interest rates.
- Councillor Davies – Questioned why the cost pressures for elections were only included for 2018/19

- Sean Plummer highlighted as there are no elections this year, this refers to the money being put back into the budget for the next set of elections in 2018/19 and was therefore back in the base budget.
- Councillor Fox – Questioned what impact the £2.5m of savings required in the Medium Term Financial Forecast will have within the Council.
 - Sean Plummer stated that each year the budget includes a number of savings across the Council. By 2019-20 the Council will be required to pay funding back to the Government, which will make the savings harder to achieve. Whilst this may be achievable through further savings like the digital challenge and commercial income it will become significantly harder. Councillor Cory confirmed that the continued cuts are making it harder for Local Government. Councillor Cory highlighted the pressure that the Housing Revenue Account is currently experiencing and the difficulty in investing in additional housing stock. Councillor Cory highlighted that the improvements in Waste, additional developments such as the northern gateway and improvement in commercial services will assist in creating more income. Councillor Cory highlighted that the cuts have required an increase in Council Tax for the first time in seven years.

RESOLVED that the 2017/18 General Fund Revenue Budget, Capital Programme, Medium Term Financial Forecast, Housing Revenue Accounts Estimates and Housing Investment Programme has been reviewed.

105. Work Programme

Councillor Hogg (in respect of his partner being a Stakeholder Governor for Colchester Hospital University NHS Foundation Trust) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

Councillor Coleman (in respect of his spouse being employed by Care UK) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

Councillor Davies introduced the Scrutiny Panel Work Programme report for 2016/17. Councillor Davies informed members that a private briefing maybe required. The Panel discussed whether a briefing could take place during April and suggested that the Democratic Services Officer canvass dates for all members' availability.

Councillor Davies also suggested that a scrutiny review take place regarding last year's Big Choice award. The review would request that each of the organisations that were awarded funding provide information about how the money was spent, what difference was made and the added value to the funding provided.

The Panel queried when it would be suitable to invite Colchester Hospital University NHS Hospital to a meeting. In response, officers stated that they could be invited for a specially arranged meeting when required, however given the recent changes it may be better to

hold a review, if requested, in the next municipal year. Councillor Arnold requested that the provisional work programme for 2017/18 be circulated to Panel members.

Following a query from Councillor Coleman, Jonathan Baker confirmed that a briefing note regarding buses in Colchester would be circulated shortly, and that an invitation would be sent to Essex Highways following receipt of concerns from Panel members.

RESOLVED that;

- a) The provisional work programme for 2017/18 be circulated to members prior to the next Scrutiny Panel meeting.
- b) That Vineyard Gate be provisionally scheduled for the 2017/18 work programme.
- c) That scoping work be undertaken about the potential of reviewing the previous year's Big Choice award.
- d) The Work Programme for 2016/17 be noted.