

Scrutiny Panel

Tuesday, 23 January 2024

Attendees: Councillor Tracy Arnold, Councillor Darius Laws, Councillor Sam McCarthy, Councillor Sam McLean, Councillor Dennis Willetts
Apologies: Councillor Thomas Rowe, Councillor Fay Smalls
Substitutes: Councillor William Sunnucks (for Councillor Thomas Rowe), Councillor Jocelyn Law (for Councillor Fay Smalls)

439 Minutes of Previous Meeting

Owen Howell, Democratic Services Officer, explained that a minor change had needed to be made to the minutes for 14 November 2023, necessitating their reapproval by the Panel. The initial draft of the minutes originally approved for 14 November had not included the approval of the minutes from the 3 October 2023 Scrutiny Panel meeting.

RESOLVED that the minutes of the meetings held on 14 November 2023 and 12 December 2023 be approved as a correct record.

440 Have Your Say!

Mr Alan Short addressed the Panel, pursuant to the provisions of Meetings General Procedure Rule 5(1), to raise a concern that, regarding the approval of the Council's current Local Plan, a submission provided by Natural England was not circulated to elected members prior to the approval of the Plan. This submission was in relation to Middlewick's importance in terms of natural interest and biodiversity. Mr Short alleged that a letter from Natural England was withheld from elected members, suggesting that elected members had received insufficient information, and that this meant a potential risk of legal action being brought to challenge the legitimacy of the Local Plan, and that any elected member involved could take this matter to court.

The Chairman stated that he would raise Mr Short's concerns with the Council's Monitoring Officer and ask him to respond to both the Chairman and to Mr Short.

Councillor Tim Young attended and, with the consent of the Chair, addressed the Panel to raise concerns about recent media reports regarding bailiff referrals regarding unpaid council tax, and an increase of these by 20% across the country. A BBC documentary had included a bailiff claiming to have been pressured to adopt questionable practices regarding such referrals. One agency named was Jacobs, which Councillor Young named as having been used in the past by the Council. Councillor Young stated a desire to ensure that the Council was not using disreputable bailiff agencies.

The Chairman indicated that he understood the issue raised and, whilst he was not sure that it was a suitable item to add to the Panel's work programme, he gave

assurance he would consider the matter personally, and that the Leader of the Council and Chief Executive were both present to hear the concern raised.

441 Work Programme 2023-24

With the Chair's permission, the Work Programme was approved before the substantive agenda items were considered.

Owen Howell, Democratic Services Officer, explained that a request had been made by Mandy Jones, Strategic Director, for the Panel to receive a report on the Council's draft Asset Strategy at its meeting on 13 February 2024, rather than the already-scheduled item on charging for use of Council assets. The Panel considered this request, noting that this would coincide with a briefing by the Portfolio Holder for Leisure, Culture and Heritage, which was appropriate given that the originally-scheduled item on charging for asset use originated from an issue that fell within the remit of that Portfolio Holder. The specific issue had been dealt with, but a Panel member stated that, when the Council was leveraging assets as fully as possible, there was a need to ensure that charging was not unreasonable and could be set at appropriate levels for the different potential users, such as youth and community groups.

RESOLVED that the Scrutiny Panel approves its work programme for 2023-24, subject to the addition of an item on the draft Asset Strategy, to be scheduled for 13 February 2024 and to focus on the need to ensure that charging for use of Council assets is not unreasonable and is set at appropriate levels for the different potential users.

442 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 (MTFF) 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. Their 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.

443 Business case for charging for the kerbside collection of garden waste

The Chairman laid out that the decision to initiate the new paid subscription model had already been taken by Cabinet, and that this report was to consider the latest information relating to the scheme's operation.

Councillor Martin Goss, Portfolio Holder for Neighbourhood Services and Waste, gave an overview of the previous work done to introduce the new collection system and charging. Feedback from Scrutiny Panel had been taken onboard, with the service now operating well with very few issues. The targets which had been set were for 11%

uptake by January 2024 (7,758 properties) and £600k income [with some accounting complexities affecting where income and expenditure was to be accounted for, between 2023-24 and 2024-25]. The Council had now recorded a 24% uptake rate, as of 22 January, which was over double the target level. It was thought that the offer of 15 months for the price of 12 had helped increase uptake. 16,796 households had signed up by that point, with an income for the Council of £780,731 so far. It was noted that £50k had been put aside to use in helping those on Local Council Tax Support.

A Panel member asked how 11% had been chosen as the initial target for uptake. The Portfolio Holder explained that 11% was the lowest uptake level at which the business case would have stacked up. This had been decided after speaking to other local authorities and taking an approach which was similar to what those councils had done.

Rosa Tanfield, Head of Neighbourhood Services, gave a run-through of the decision making, through Full Council and Cabinet, to move to the current system. The expected profit for the Council was given at £471k so far, having deducted the cost of support for those in receipt of Local Council Tax Support. £20,290 had been claimed for this purpose so far. A net income of over £1.24m was projected for the financial year.

The change in collection system had meant that there could be a net reduction in the fleet, with a reduction by one vehicle. This meant a saving of £31k per year. The redeployment of staff was explained, including to minimise the effect of the recruitment freeze. The service was meeting and exceeding expectations and a team from across the Council had worked to launch this service, committed to providing a high standard of provision.

A Panel member praised the success, but argued that the service change was an unpopular one. The Portfolio Holder emphasised that the charge levied on service users was a service charge, not a tax, as this was a non-statutory service. A Panel member queried whether the scheme was making real savings, with changes up and down on a variety of different cost centres.

Another Panel member argued that, when Scrutiny Panel had looked at the new scheme proposals, it had only been given an incomplete presentation of the business case, which was why the subject had been added to the Panel's work programme. The report here showed that the financial side of the scheme had been very successful, moving from a £1.8m per year service cost to the Council, and replacing this with an additional revenue of £1.3m. This represented an almost £3m improvement in the Council's finances and was a significant turnaround.

It was remembered that the previous consideration of this by Scrutiny Panel had seen questions asked as to the resource implications from reducing an all-household collection service down to a subscription only service. A Panel member asked what would happen to the vehicles and staff no longer needed for this service, as this had not been answered at the previous meeting on this subject. The report did set out that staff would be redeployed to cover other services and backfill vacancies in the general waste system. A Panel member argued that the redeployment should lead to a

significant drop in use of agency staff, and the Head of Neighbourhood Services was asked where this was shown. Members had been told that £365k had been spent on agency staff in the first nine months of waste collection in 2023-24. The Head of Neighbourhood Services explained the backfill and use of agency staff. Waste collection was one of the Council's biggest staffing areas, working all year round and employing many lower-paid staff. Sickness rates had been high, due to the nature of the work, but the past year had seen significant reductions in this, due to the support being offered.

A report would be received at the next Cabinet meeting, to propose a new arrangement of agency contracting, lowering its cost. There was still reliance on agency staffing, with work ongoing to reduce this. The budget for agency staffing was only officially £20k, with balances having to be managed and vacancy factors used to offset additional agency costs. This was not sustainable and would need to change. Certain vacancies would be filled, with some staff turnover. This meant no actual change in the official budget for agency costs, but would mean a rebalancing of staffing costs in general. The Portfolio Holder took questions and explained that there would always be a need for some agency staffing, as this was necessary to cover sick leave, training and holiday leave. The backfill of staff would be for permanent role vacancies, including HGV drivers, where there was a shortage. Investment was being made in training staff (including a partial payback agreement). The split between employed and agency staffing had been roughly 80%/20%, but work was underway to reduce the agency component and reduce overspend on agency staffing.

An invitation was made for all elected members to visit the Shrub End depot.

The Portfolio Holder for Resources underlined the importance of tackling agency employment. The changes would increase resilience in the collection service whilst keeping an agency staff allocation. This would be looked at again in future years, once the garden waste service bedded in more fully. The Portfolio Holder for Resources agreed to share figures relating to the staffing costs and backfill operation.

A Panel member praised the work of waste collection staff, and asked what percentage of residents receiving Council Tax support were subscribed to the scheme. Questions were also asked as to whether a wide geographical spread of subscribers was reflected in the figures.

John Kellett, Business Improvement Manager, informed the Panel that there had been 718 successful applications for support, by residents receiving Council Tax support. Eligible applicants had their joining fee refunded. The Council had budgeted support for up to 1,200 people, and this could be revisited if the maximum number reached. There was a higher take up of the scheme in rural areas, with expectations that there would be around one bin collection per four properties. The same area had to be covered as under the old service, but with fewer pickups. As subscriptions increased in number, the resilience and reliability of the service would need to be maintained, so extra capacity was possible in the system. The highest sign up rates were in Rural North and Prettygate Wards, with low sign up rates in Castle Ward, due in part to the types of properties found there.

2024-25 Revenue Budget, Capital Programme, Medium Term Financial Forecast, Treasury Management Investment Strategy, Housing Revenue Accounts Estimate and Housing Investment Programme

Councillor Tim Young attended and, with the Chair's consent, addressed the Panel to raise concern that the survey about the Budget, which had been sent to councillors, was only two questions long and therefore too simple and flawed. Councillor Young asked that this approach was not used in the future. The survey had identified public relations, marketing and communications work as being most identified by elected members as an appropriate place in which to make savings. Councillor Young noted a small saving in this area, but argued that £600k spending was a lot for such work and requested a breakdown of this total spend, to identify ways to make savings. This would be needed quickly, to be considered when Full Council received the Budget.

The Portfolio Holder for Resources thanked the staff who had produced the draft Budget. It had required an immense effort to close this budget, given the situation. Thanks were also given to those staff who had worked at the Council, but whose employment by the Council may be coming to an end. Council Tax would rise in line with other local authorities and, after some years of drawing on reserves, there would be elements of contribution back to the General Fund reserves. The pay award was covered and, due to this, there was being a reduction in the number of staff positions. The Fit for the Future Programme was introduced, with Appendix C giving more information, broken down by service area.

The Portfolio Holder explained that the Budget survey for councillors had been made to be very open and not prescriptive, which was why it was so short. Councillors had been given an in-person briefing, in the spirit of managing the Council's finances together, and this had been successful at giving details and promoting discussion.

Chris Hartgrove, Deputy Section 151 Officer, described this as a prudent budget. An initial identified £1.44m deficit had grown to £2.4m, as additional detail was gained, but this deficit had been eliminated. The Capital Programme and General Fund were now in line with the previous forecast, and forecasting had now moved from a three-year to a five-year span.

Councillor King, Leader of the Council, explained the strategic intentions behind the Fir for the Future Programme. No-one wished to increase charges to residents, but this was given as necessary, due to falls in central government funding, and the need to avoid having to issue a Section 114 report, by reforming Council spending. The Council would withdraw from some services and lower costs where possible. The strategy would be bottom up, mindful of social benefits and the need to care for the most vulnerable. The Communications Team was given as being important in explaining the changes being made, advertising the Council's work and revenue-generating events and attractions. Scrutiny Panel was asked to look at the Budget strategy, with more detail to come in coming weeks.

A Panel member asked how exposed the Council was to potential dramatic changes in interest rates and for assurance regarding the security of reserves banked by the Council. The Portfolio Holder explained the analysis of the macroeconomic situation which had been carried out, and the independent views sought. A pause and

reduction in the capital programme would lead to less debt financing and greater investment. More borrowing was being looked at for the long term, but in the short term there would be lower levels of borrowing and more investment, leading to less exposure to costs from interest rates. The Deputy S151 Officer explained that an advantage of the shared services model was the availability of a wider pool of advice from consultants, giving a more diverse range of input and views. Regarding safety of deposits, the Council maintained a list of places recommended for savings, which was updated daily.

Further questions were asked by the Panel regarding interest rates, with one member stating that the Council was borrowing £132m at fixed, long-term interest rates, whilst holding investments of between £40m and £80m, subject to variable interest rates, and saying that this meant that the increase in the interest rates had led to savings, but represented an unnecessary credit risk. The view was given that a Treasury Management Strategy Statement was needed in order for councillors to consider whether the Council should be borrowing and investing so much, with one Panel member stating that this was a necessity before councillors were asked to support the Budget. The Deputy S151 Officer agreed that the position regarding borrowing and investment, as put forward by Panel members, had been the case but the approach was now to reduce the amounts involved. The Treasury Management Strategy Statement would be produced once updated; owing to capacity constraints in the Finance Team, this would not be ready prior to the Budget being considered. It was expected to come to Governance and Audit Committee in March 2024.

A Panel member commended the Leader's openness and work of officers, but complained at the lack of benchmark figures from separate service areas and that those which were available did not match the figures contained within the Budget. The suggestion was made by the Panel member that benchmarking should be carried out by all service areas, and include comparisons against private sector companies, in order to identify where cuts could be made.

Panel members agreed with comments by Councillor Young that the survey sent to elected members was too simplistic and concern was raised that it did not garner useful responses.

A concern was raised that the Council would not manage to achieve the elimination of deficit and projected increase in reserves detailed in the Medium Term Financial Forecast [MTFF]. A Panel member suggested that the Council was likely to reach a £5m deficit in 2024-25. The Portfolio Holder was asked how he expected the Council to eliminate the Budget deficit and provide the £153k identified for adding to reserves. More clarity was requested in the displaying of cumulative deficit projections for the years shown, and a reserves statement was asked for, to show the current situation and constraints within which the Council would need to work, and to be consistent with the reserves position. A Panel member argued that the Fit for the Future Programme should start by reflecting the need to reduce staffing levels at the Council which, in that member's view, had not been attempted as yet.

The Portfolio Holder argued that the Council's headcount had changed, with reductions at the Amphora companies, and changes at Colchester Borough Homes [CBH]. There had been a reduction in FTE employment over time, whilst the Council

also dealt with Covid-19. In response to further queries regarding FTE employment levels and staff pay levels reducing in real terms, the Portfolio Holder emphasised the latest pay award, and agreed to seek further detail on the figures for FTE employment.

The Deputy S151 Officer clarified that the table at 3.4 of Appendix C showed the budget deficits forecast over the five years of the MTFF. The Council had a legal obligation to produce a balanced budget, meaning that it had to eliminate these deficits as it proceeded. These were projected deficits and so the Council could not act to eliminate them all in advance. By year five, the table showed the cumulative structural deficit of £2.8m that would need to be met by the end of the time period.

A Panel member complained that the figures did not add up, and that the cumulative deficit figure given was not the actual cumulative deficit. The Leader of the Council offered for an explanatory note to be produced in order to explain and clarify the content of table 3.4 of Appendix C. The Panel member underlined the Panel's role in scrutinising the Budget and giving a view to Cabinet regarding the assurances provided to support it. It was argued that the Panel could not do this if the information with which it was presented was not clear and did not show what it purported to show, and that the budget could not be valid without the requested clarity. The Panel member also stated that no data had been given on 'Fit for the Future', which meant that the Panel would not be able to give a view on whether this was a safe way for the Council to proceed.

The Deputy S151 Officer stated that a reserves statement could be presented, but that the final accounts would be needed in order to give accuracy on this. Owing to greater levels of risk, it was felt prudent to increase the minimum level of reserves to £3m, plus a contingency fund for the Fit for the Future Programme, to cover any shortfall in savings targets, and to invest where this is judged to be prudent. Other costs might also arise, and their impacts covered. The Finance Team were aware of the 2023-24 budget trajectory and the reduction in useable earmarked reserves, down by £5m since March 2022.

The Leader explained that reserves had had to be allocated, and the administration was trying to share information to improve confidence, including on Fit for the Future. Not all information on service changes could be shared, as this had not all been decided as yet. The need for robust project management was underlined and was being addressed, with more information to be provided to councillors at the earliest opportunity. The aim was to provide this for the Budget paper due to go to Full Council for approval. The Leader emphasised the need to understand the challenge of showing changes to a large organisation, giving clarity in figures including those relating to employment levels. It was acknowledged that performance should be examined across the Council, for benchmarking purposes.

The Panel questioned what stress testing had been done on the basket of assumptions upon which the Budget rested. The Portfolio Holder explained that the Administration had previously looked at a range of scenarios, from the higher, mid-point and lower ends of expectations, but admitted that it was hard to make predictions. This was why external advice was sought. The Budget assumed an inflation rate of 3%, so rises in inflation above that would mean that the Budget would need to be revisited and the effects mitigated. The Council was agile and could make

necessary changes, but some things could not be forecast, such as the result of the next pay award negotiation.

Further concern was raised about the lack of background information on the Fit for the Future Programme, and it was asked why these couldn't have been provided to the Panel for consideration in confidential session, and whether the information was not yet ready. The Portfolio Holder stated that the information could be made ready and provided to Governance and Audit Committee. This was about delivering a reduction in staffing and work done at the Council, so as to deliver balanced budgets. The Programme was to be detailed at a session of Senior Leadership Board on 1 February 2024, along with its delivery plans. Assumptions regarding charging for entry to Hollytrees Museum did factor in an expected fall in visitor numbers. The figures for savings were put forward, following consideration by Cabinet and Management.

The Chief Executive Officer underlined that the Budget report held sufficient detail to give assurance to the Section 151 Officer and Deputy S151 Officer that the Budget could proceed. Huge work had been done in preparation for the Fit for the Future Programme, which went to the Leadership Team in December 2023 and would come back for Senior Leadership Board to consider on 1 February 2024. The almost-final form of the Fit for the Future Programme would then come to Scrutiny Panel on 13 February 2024, prior to Full Council then receiving the Budget report later that month.

The Panel considered the Housing Revenue Account [HRA]. A Panel member gave the view that the Management Fee for CBH produced a very high cost per property for the Arm's Length Management Organisation [ALMO] comparing this with management costs per property for Housing Associations. £6m had been given as a figure for depreciation, with a major reserve for repairs. The Panel member noted the complicated accounting.

The Leader explained that the Council's view of CBH was that the company shows strong performance and low costs for its work, but welcomed the testing of this view. CBH managed a large and complex estate, whilst also managing services such as those for tackling homelessness. The Chief Executive explained that the review of the HRA would be led by Lindsay Barker, Deputy Chief Executive, and would be a deep dive look into the HRA and affordability of the housing stock into the future. CBH staff were under great pressure, due to the housing crisis, with emotional and financial pressures being considerable.

A Panel member remarked that the Boston Square for CBH key performance indicators [KPIs] was seen by Governance and Audit Committee and that, if there were concerns that direct comparisons were not being provided, this needed to be communicated to CBH to see what they then present. The Leader commented that the selections for benchmarking were comparable organisations, and that benchmarking would be part of the HRE review by the Deputy Chief Executive. The Portfolio Holder for Resources clarified that there might be some disposal of isolated assets, but the general stock under the HRA would not be included, and would not become part of the corporate landlord model. CBH had had high performance and low cost results for years, and this could be added as extra appendices.

A member of the Panel recommended benchmarking CBH and the HRA together, and

suggested benchmarking CBH against Swan, Eastlight and Clarion, which were all housing associations.

The Scrutiny Panel further discussed the suggested production of a Treasury Management Strategy [TMS] Statement and a statement on reserves. The Portfolio Holder stated that a working draft could be shared of both of these, with forecasts. The TMS had helped the base budget this year and showed that it was delivering. A Panel member restated the wish to know details on borrowing and investments, and in the respective interest rates. The Deputy Section 151 Officer agreed that it would be possible to draw out and show the interest rates on borrowing and investments. This would be easier than providing an updated TMS Statement in line with the 2021 Code.

More detail was requested regarding the budgeting for repair of the Town Hall roof, where £1m had been set aside to address the issues. The Portfolio Holder gave assurance that repair costs were being tightened down. The Leader committed to providing adequate resources to carry out the repair. The final cost was not yet known, but would be reflected in the pricing of work, where possible. The Town Hall was described as a key building, albeit not well used and in poor shape. Richard Block, Chief Operating Officer, gave assurance that the Council was aware of the need for wide engagement with stakeholders over the future of the building.

The Panel queried why £1m had been allocated for ICT spending, in light of the expected reductions in employment levels. The Portfolio Holder argued that a prudent level had been set, with revenue costs including license costs, including for Microsoft and Capita software. The Chief Operating Officer emphasised the need for transformation and change, with investment into IT making this possible. Councillor oversight would be crucial for the future ICT Strategy, before spending is allocated. A Panel member noted that most of the ICT cost related to the revenue spending, for example on annual licenses, rather than being capital spending, and argued that a flexible approach was needed, rather than buying and storing a lot of hardware. The Portfolio Holder committed to seeking detail on the breakdown between revenue and capital spending being budgeted for ICT. Investment in programmes would be used to drive channel shift, and it was reasonable to include this in the Budget. The Deputy Section 151 Officer confirmed the capitalizable expenditure, but agreed that the point on revenue spending was valid. Material Requirements Planning values went into revenue costs.

The Portfolio Holder and Leader were asked why there was no information available on the £7.7m included for enabling infrastructure, including work on a junction of the A12. A Panel member ventured that, given the size of this amount, a business case was needed to lay out how it was to be used, and that there was insufficient information given to justify its allocation. The Leader noted the good terms of the relationship between officers and members of the Council and Essex County Council, and that 8.1 of the Cabinet report covered this subject. The Leader accepted that a cross reference would have been helpful for the Panel, but gave assurances that there was enough depth and detail to give confidence regarding the cost estimate published, overseen by the Deputy Chief Executive. The Leader was told that Panel members did not doubt the scrutiny carried out by officers, but a Panel member maintained that the Panel had not been given the information necessary for it to judge whether a sensible approach was being taken. The Leader noted this point, but

pointed out that this had already been considered by Governance and Audit Committee and Cabinet. The Council had already agreed to the course of action to which this £7.7m related.

A Panel member criticised the perceived lack of an appraisal to support the Capital Programme, arguing that the Town Deal had meant to be £17-£17m, but that the report only detailed £4m of this, for the Heart of Greenstead project. The Leader was asked to show where the balance was, and whether funding might be lost if not allocated. The Leader gave assurance that no Town Deal funding had been lost, and offered to follow up to give reassurance on this. The Deputy Section 151 Officer clarified that the table showed current plans for future spending on Town Deal work, but did not cover past spending. The scheme history was shown on the right of the table to show totals for spending. The total approved budget reflected earlier years, and the Deputy Section 151 Officer offered to find any answers to questions regarding specific schemes.

In answer to questions about borrowing in the past year, and any potential plans to borrow more, the Deputy Section 151 Officer explained that this would be covered in the borrowing analysis which had been promised.

The Panel considered the breakdown of funding within the HRA, noting the £205m in HRA spending projected for the coming five years. One Panel member complained that the long projections made were unrealistic regarding how to finance social housing and argued that alternative ways to provide social housing should be examined. The Deputy Section 151 Officer explained that there would be a refreshed 30-year business plan to lay out the affordability of what was being planned. The Portfolio Holder highlighted problems caused by rent reductions imposed by central government, and the turbulent times experienced. Confidence was held in the figures by the Council's Administration, and that the change regarding affordable rents would lead to improved viability.

The Portfolio Holder was asked why the Vineyard Street and Britannia car parks were included in the Capital Programme, but that no income loss from their closure was included in the MTFF. The Portfolio Holder agreed to get additional information on this and the assumptions behind what was laid out. The belief was that most of the users of these car parks would shift to use other Council car parks, with the closures leading to the Council no longer having to pay out on business rates for their operation. The Leader emphasised that this was looked at in terms of the full Parking Strategy.

RECOMMENDED to CABINET that the following further information be produced to support Council's consideration of the 2024-25 Revenue Budget and Medium-Term Financial Forecast: -

- a) A statement of reserves for the period of the 2024-25 Revenue Budget, consistent with the reserves position;
- b) A Treasury Management Strategy Statement or further information on the current position on Treasury Management.
- c) A supplementary note for the Medium Term Financial Forecast to provide clarity and explanation regarding Appendix C and the cumulative deficit figures

regarding the General Fund budget from 2024/25 through to 2028/29