

**FINANCE & AUDIT SCRUTINY PANEL  
27 JANUARY 2009**

*Present :-* Councillor Sue Lissimore (Chairman)  
Councillors John Bouckley, Dave Harris,  
Jackie Maclean, Nigel Offen, Gerard Oxford,  
Laura Sykes and Dennis Willetts

*Also in Attendance :-* Paul Smith

*Substitute Members :-* Councillor Christopher Arnold  
for Councillor Kevin Bentley  
Councillor Margaret Fisher for Councillor Martin Goss  
Councillor Peter Higgins for Councillor Jon Manning

**51. 2009-10 Revenue Budget and Medium Term Financial Forecast**

Councillor Smith, Portfolio Holder for Business and Resources, Mr. Charles Warboys, Head of Resource Management and Mr. Sean Plummer, Finance Manager, all attended the meeting for this item.

Mr. Sean Plummer presented the report on the 2009-10 Revenue Budget and Medium Term Financial Forecast to the panel.

In response to Councillor Willetts, Mr. Plummer said the year on year average net inflationary figure was £600,000, and took account of increases of approximately 2 – 3 per cent in salary costs, contract prices and fees and charges. Mr. Plummer said one of the main reasons for the additional inflationary pressure increase was energy prices.

Mr. Plummer agreed to provide panel members with a detailed breakdown of the £1,190,000 net inflation impact figure.

Mr. Plummer confirmed to Councillor Willetts that the £100,000 Concessionary Fares cost pressure was due to the hours of the scheme being extended, whereas the savings of £510,000 for the scheme was due to a saving in the cost of the scheme to Colchester, following negotiations with Essex District Councils, Essex County Council and the bus operators. Later on in proceedings, Mr. Warboys confirmed to Councillor Higgins that negotiations involving all Essex authorities, resulted in renegotiated figures to be paid to the bus operators and produced the aforementioned savings, based on an agreement of costs, as opposed to the previous figures of an estimated amount based on demand.

In response to Councillor Willetts, Mr. Warboys explained that the budget figures did not reflect any treasury management losses due to the collapse of the Icelandic banks. This follows guidance from central Government stating that any potential impact should be deferred until 2010-11. Mr. Warboys confirmed that at present the money invested in these banks was not lost, though there was no indication as yet as to when the investments would be returned or how much of the investments would be returned. Negotiations at national level are ongoing.

In response to Councillor Arnold, Mr. Warboys confirmed that the value of the Council's treasury management investments in Icelandic banks was between £11 million and £12 million at May 2008, and these investments were returned to the Council. The current level of investment to Icelandic banks is £4 million and was made in September 2008.

Councillor Arnold commented that at the previous meeting of the Finance and Audit Scrutiny Panel he had said it would be helpful to panel members if the Budget papers noted the impact of changes, thereby enabling members to see why, and the effects of the decision(s) taken.

Councillor Arnold said this request had not been acted upon and gave an example, the deletion of the countryside post (shared post with Braintree District Council) where no detail of what the impact would be of the removal of this post, and what was to be done to mitigate the impact.

Councillor Smith said where a post is deleted this did not mean the work of this post stopped, that a range of different cost saving options would be put in place to ensure where appropriate, the work continued. Councillor Smith said Appendix D of the report gave details of where savings would accrue and the mitigating action.

Councillor Smith said the cost restraints within the Budget would not allow for a guarantee of every current project and work would need to be prioritised, with recycling and front-line services considered a higher priority.

In response to Councillor Arnold, Councillor Smith said the Cabinet believed the merger of the Economic Development and Tourism Managers posts, and the aligning activities was considered good common and economic sense.

Also in response to Councillor Arnold, Councillor Smith said it was estimated that the expected rise in recycling rates due to the additional resources to support the promotion of recycling would be 1%. The additional resources would be to extend recycling to blocks of flats and an educational promotional scheme to encourage people to recycle. Councillor Smith also explained that the £300,000 reduced income forecast for Car Parking Income was reflected in an acceptance that car park charges could not continue to rise indefinitely, and the need to make more effective use of car parks, via promotional offers etc.

Mr Judd, Scrutiny Officer confirmed to the panel that he would invite Essex County Councillor Tracey Chapman, Portfolio Holder for Environment and Waste to a meeting at the earliest opportunity to give reasons why County have withdrawn the £100,000 recycling grant for improving recycling.

In response to Councillor Maclean, Councillor Smith agreed to ask the Portfolio Holder for Culture, Tourism and Diversity to respond to the panel and provide more detail on how the Colchester Festival will be delivered given the part withdrawal of funding and the position in respect of a contribution from Colchester2020. Councillor Smith also confirmed that the location for the Visitor Information Centre had not been decided and was currently under review.

In response to Councillor Bouckley's suggestion of a further reduction in the number of annual editions of the Courier, from the proposed three, to one or two, Councillor Smith said the Courier was an award winning popular publication, with a queue of people requesting articles and believed three publications was appropriate. Councillor Smith confirmed to Councillor Bouckley that the £100,000 savings in Parks and Recreation was relatively low in the context of an overall budget of £2,200,000 and would be found through changes to fee incomes, renegotiation of contracts and a series of schemes that would provide savings.

In response to Councillors Willetts, Arnold and Higgins, in respect of the actual number of staff redundancies that would result as a consequence of the budget, Councillor Smith said the overall effect of the budget would be a potential reduction in the region of four. This figure incorporated all the changes within service areas, including some reductions and some additions, for example, two additional Street Warden posts, and three additional Benefit posts funded by the Government (£95,000) and in response to the demands due to the economic downturn. Councillor Smith added that freezing posts or redeployment did not mean redundancy. Councillor Smith concluded by saying the drop in staff numbers at Colchester was in stark contrast to Chelmsford Borough Council for example, who it is understood are looking to save between 70 – 100 posts to balance their Budget. Councillor Smith confirmed that the panel would be provided with the current total of full time equivalent staff on the establishment and the number of full time equivalent staff on the establishment following the implementation of the Budget. Councillor Smith confirmed that the Council are in full negotiations with the local unions in respect of any redundancies.

Councillor Harris congratulated the Administration for providing additional Street Wardens to High Woods Ward and said he would like to see this expanded to other wards such as Shrub End as the financial situation improved.

In response to Councillor Willetts, Councillor Smith said the savings accruing from service areas would in the main be reallocated to front line services, with the aim to protect front line services but not to the detriment of the overall service provided.

In relation to the economic downturn and the need to help small local businesses, Councillor Smith confirmed to Councillor Fisher that the Small Business Rate Relief (SBRR) campaign had been successful. Eight Hundred letters had been sent out resulting in four hundred responses, with only 2 or 3 claims for relief rejected, and the total of £420,000 reclaimed for small businesses. The Council had been congratulated by the Federation of Small Businesses for their efforts. Mr. Warboys confirmed that the Council's policy was to pay all bills within thirty days, and approximately 97% of all bills are paid within this time scale, though the majority (nearly 70%) of bills are paid in less than twenty days.

Councillor Lissimore concluded the discussions on the Budget by thanking officers for their hard work and cooperation in producing the Budget report.

*RESOLVED* that the panel;

- i) Noted the Cabinet report on the 2009-10 Revenue Budget and Medium Term

Financial Forecast.

- ii) Requested further information on the following;
- The Head of Resource Management to provide a detailed breakdown of the £1,190,000 net inflation impact figure.
  - The Portfolio Holder for Culture, Tourism and Diversity to be asked to provide further detail on how the Colchester Festival will be delivered given the part withdrawal of funding.
  - The Portfolio Holder for Business and Resources to provide the current total of full time equivalent staff on the establishment and the number of full time equivalent staff that will be on the establishment following the implementation of the Budget.
- iii) Requested the Scrutiny Officer to invite Essex County Councillor Tracey Chapman, Portfolio Holder for Environment and Waste to a meeting at the earliest opportunity to give reasons why County have withdrawn the £100,000 recycling grant for improving recycling.

## **52. Treasury Management and Investment Strategy**

Councillor Smith, Portfolio Holder for Business and Resources, Mr. Charles Warboys, Head of Resource Management and Mr. Steve Heath, Finance Manager, all attended the meeting for this item.

Mr. Steve Heath presented the report on the Treasury Management and Investment Strategy to the panel.

Councillor Willetts, whilst accepting the complex model on how the Council's treasury funds should be managed looked good, he felt it lacked the agility to respond rapidly enough to mitigate emergencies such as the Icelandic Bank collapse.

In response to Councillor Willetts, Mr. Heath said the Sovereign Debt Ratings (SDR) took a holistic view of national debt and included a number of factors such as Government debt, Gross Domestic Product, state of the labour market and the overall economic situation. Mr. Heath said SDR was one indicator for the Council to seek advice as an additional check.

Mr. Warboys said the criteria within the policy allowed officers to respond to situations daily, working strictly within the policy framework.

Councillor Smith concluded by saying the Treasury Management Team are working in a period of unprecedented situations, though he was confident that the policy was very robust, as had been the case in previous years.

Councillor Offen congratulated officers for their hard work in what are unprecedented times.

*RESOLVED* that the panel noted the 2009-10 Treasury Management and Annual

Investment Strategy.

**Councillor Sue Lissimore (in respect of being a former member of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)**

**Councillor Dave Harris and Paul Smith (in respect of being current Members of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)**

### **53. Housing Revenue Account Estimates 2009-10**

Councillor Smith, Portfolio Holder for Business and Resources, Mr. Charles Warboys, Head of Resource Management and Mr. Sean Plummer, Finance Manager, all attended the meeting for this item.

Mr. Sean Plummer presented the report on the Housing Revenue Account Estimates 2009/10 to the panel.

In response to Councillor Harris, Mr. Plummer agreed to provide to the panel the number of Council garages not let on a regular basis.

*RESOLVED* that the Panel;

- i) Noted the Cabinet report on the Housing Revenue Account Estimates 2009-10.
- ii) Requested the Head of Resource Management to provide to the panel the number of Council garages not let on a regular basis.