

# SCRUTINY PANEL

12 JUNE 2018

*Present:* - Councillor Davies (Chairman), Councillor Bentley, Councillor Coleman, Councillor Hayter, Councillor Luxford Vaughan, Councillor Wood.

*Substitutes:* - Councillor Fox for Councillor Scordis

*Also present:*- Councilor Cory

## 164. Minutes

**RESOLVED** that the minutes of the meetings held on 27 March 2018 and 23 May 2018 were confirmed as a correct record. The minutes of the meeting held 16 April 2018, will be submitted to the next meeting for approval.

## 165. Financial Monitoring Report – End of Year 2017/18

**Councillor Coleman (by reason of being a Director of Colchester Borough Homes) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7 (5).**

**Councillor Bentley (by reason of being a Portfolio Holder at Essex County Council with responsibility for the North Essex Parking Partnership) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7 (5).**

### **Councillor Crow**

Councillor Crow attended the meeting to talk about the pressures faced by high street retailers due to the growth of online shopping, leading to the closure of stores.

Councillor Crow questioned whether the Council would be able to provide assistance to small businesses and retailers trying to start up in the Town Centre. Councillor Crow suggested that the Council could use some of the business rates pool to create an environment where small businesses can succeed.

Councillor Davies thanked Councillor Crow for attending to have his say at the meeting.

Darren Brown, Finance Manager, introduced the Financial Monitoring Report End of Year 2017/18. The report requests that the Panel note the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the year 2017/18.

Darren Brown provided the Panel with a summary of the report, and highlighted that the position had improved since budget monitoring was last reported to the Governance and Audit Committee at the end of quarter 3. The general fund outturn position after carry forwards is an underspend of £0.1m. The total carry forward requests and other technical accounting adjustments totals £2.83m. The report also details the areas of significant income and expenditure for the Council, and provides commentary where there are budget variances. This information can then be used to assess the impact and whether it is a recurring issue and needs to be altered in future budgets. Darren Brown highlighted that as an example, there was a shortfall in planning income last year, and the budget in this area has been reduced for 2018/19.

Darren Brown highlighted that the 2018/19 budget was based on an assumed overspend of £200,000. As there was not an overspend by the end of the financial year, the better position within balances will be considered by Cabinet during the course of the year.

With regard to the Housing Revenue Account (HRA), this has a favourable variance of £816,000 following carry forwards. This is due to a combination of more income than budgeted, with regard to less rental and service charge income being lost from dwellings and garages than assumed, and less expenditure than anticipated with an underspend on premises costs and supplies and service budgets.

In response to the question raised by Councillor Crow under Have Your Say, Councillor Cory confirmed that whilst Councillor Crow had raised interesting proposals the difficulty is in anticipating the differing levels of money received from the rebate on business rates, which could alter such a scheme significantly each year. Councillor Cory highlighted that the business rates team are supportive to small business and restaurants in the town centre and are doing as much as possible. Councillor Cory highlighted the investment in the business centre and informed the Panel that £75,000 of business support grants are already provided to new companies. A member of the Panel suggested that there could be a contribution from the base budget for this rather than the business rates pool.

Following a query regarding what the new homes bonus would be spent on, Darren Brown highlighted some examples of the funding include £40,000 towards affordable housing elements, as well as contributions for Digital spokes and community hubs and community engagement projects which have been rolled forward. Councillor Cory also highlighted that the £100,000 private sector landlord initiative is part of a £3m bid to help the homeless in Colchester. A member of the Panel requested a written down breakdown of the commitments.

A member of the Panel also highlighted that the figures within the document had been changed due to the Council restructure and suggested that this makes it difficult to compare

between the years. In response Darren Brown stated that whilst there has been a Council restructure, the budgets are predominately the same, just grouped differently.

A query was raised about the overspend in commercial services. Darren Brown highlighted that the information is included within Appendix C providing further information about the different areas of spend. Darren Brown stated that this overspend had been previously reported to the Governance and Audit Committee as part of the budget monitoring, and would have been provided to the Trading Board as well.

In response to a question regarding the underspend on Bed and Breakfast and Homelessness Initiatives, Darren Brown confirmed that the money will be carried forward to next year's budget. Councillor Cory highlighted that this money forms part of the private landlords Cabinet policy which was finalised late last year. This work, to establish which private landlords are best to work with, is now underway. Councillor Cory also provided confirmation that this funding would be spent during the year.

**RESOLVED** that the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the year 2017/18 be noted.

#### **166. Capital Expenditure Monitor 2017/18**

**Councillor Bentley (by reason of being Chair of Abberton Community Fund) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7 (5).**

Steve Heath, Finance Manager, introduced the Capital Expenditure Monitor 2017/18. The report requests that the Panel review the level of capital spending during 2017/18 and forecasts for future years.

Steve Heath highlighted that the Capital Expenditure Monitor looks at capital expenditure during the year. This relates to the larger projects undertaken by the Council, such as the creation or enhancement of an asset and tends to take place over more than one a financial year.

Steve Heath explained that the capital spending for the 2017/18 financial year totalled £16.8m, 85% of the projected spend for 2017/18 and an increase of £6m from the previous reported figure in quarter three. Steve Heath explained that as capital projects are usually planned across more than one year, any variances from the forecast position are unlikely to indicate any over or under spending against projects as a whole, but tend to relate to timing differences between anticipated payments and actual payments to contractors. Steve Heath confirmed that with regard to the capital programme there are no significant matters for the Panels attention.

In terms of the capital programme, Steve Heath explained that this had increased by £33.4m since quarter three, which is outlined in appendix 3. Steve Heath also explained the report includes information on the significant areas of capital expenditure during 2017/18 and that on 31 January 2018, Cabinet approved that a net underspend of £255k against

completed schemes should be reallocated. In terms of the performance of the Capital Schemes the Panel were informed that there are six schemes currently classed as amber.

A member of the Panel questioned the current level of borrowing on the authority. Steve Heath stated that as at the end of the last financial year the external borrowing totalled £141m. A sizeable amount of this relates to the Housing Revenue Account (HRA) reform, with a further sum for the decent homes programme. Steve Heath highlighted that due to the economic circumstances the Council adopted an approach of internally borrowing, which currently stands at £15m. Due to the recent favourable rates, the Council has taken a further £5m of external borrowing during this financial year. Steve Heath highlighted that there is a cost of carry which has to be considered against the long term financial savings. In response to a further question, Steve Heath confirmed that there is no cost pressure on the revenue account for the loans as the interest cost is around £6m, and the majority of this relates to the Housing Revenue Account and managed within the business plan.

A question was asked about why the Northern Gateway Sports Hub was categorised as Amber. Steve Heath explained that in terms of the Sports hub this is due to the size and complexity of the project. The total programme cost is £24m and as it is at an early stage the project is yet to go out to tender. The project also has numerous external funding sources. With regard to the Northern Gateway South, this is also amber due to the size and complexity of the project and that it is at an early stage. Steve Heath highlighted that planning consent had been recently awarded and that there had been additional expenditure on the site due to required drainage.

A query was asked about the Abberton Community Fund and whether there was any funding remaining. Steve Heath stated that the project is showing under completed schemes. If funding has been agreed, this moves in to the revenue stream and does not show any balances within the capital programme. Steve Heath stated that further information on this can be provided after the meeting.

A further question was raised with regard to the Northern Gateway and whether it is running behind time. Councillor Cory confirmed that there are a number of contracts being completed at this time, including seeds for the pitches and the draining which is occurring on the south and north side.

A member of the Panel questioned why the temporary accommodation listed as an additional part of the capital programme was not listed within the appendix. Steve Heath stated that the purchase of properties for use as temporary accommodation consists of funding from three different sources of funding, including £864k from right to buy capital receipts and £1.1m from the New Homes Bonus.

The Panel expressed their thanks to Steve Heath for the work undertaken over the years, and wished him luck in his new role outside of the Council.

**RESOLVED** that the Panel reviewed the level of capital spending during 2017/18, and forecasts for future years.

## 167. Work Programme 2018-19

Councillor Davies introduced the Work Programme 2018-19, which requests that the Panel consider and note the contents of the work programme 2018-19 and consider the next steps for the bus review following the information gathering session held on 16 April 2018.

With regard to items that were discussed in the previous municipal year, the Panel discussed when a report on locality budgets would be brought back to the Panel. Jonathan Baker confirmed that this will be scheduled in at an upcoming meeting of the Panel with discussions taking place with report authors to arrange a suitable time. Further comments were made by Panel members regarding the bus review and wanting to ensure that the positive relationship established at the April meeting continued, with the possibility of inviting them back to the Panel during the year. Jonathan Baker highlighted that the April Scrutiny Panel meeting was the information gathering element of the bus review and that the Panel would need to establish whether it wanted to focus specifically on those areas discussed.

A number of other suggestions were raised by Panel members, including Homelessness, inviting the various organisations that provide support, as well as the Portfolio Holder to look at the strategy and the direction of homelessness prevention. Another suggestion regarding the High Street and future of retailing was proposed, which would look at what the Council can do to assist retailers and small businesses and whether the high street is focused primarily on retail or leisure. This could then link with the Business Improvement District if the vote was successful.

The Panel also discussed the potential of inviting the Police and Fire Commissioner to come and talk to the Panel and provide information about the current plans and direction. Pam Donnelly highlighted that this could provide an opportunity to input into the Fire and Rescue Plan which will soon be under consultation.

A proposal to review the Revolving Investment Fund budget and strategy was also made by a Panel member, following the cancellation of some of the Committee meetings. In response Councillor Cory highlighted that the RIF has scheduled public meetings during the year, however they only proceed if there are matters for consideration.

There was also a discussion around inviting the Portfolio Holder's to meetings to discuss their portfolio area and inform the Panel about the latest strategic developments.

The Panel were informed that a report on Waste and Recycling in Flats will be brought to the July meeting, which may lead to some rescheduling of the work programme in July and August.

Jonathan Baker highlighted the Scrutiny Panel scoping form, which ensures that, if the item is added to the work programme, reports are brought to the Panel including the information that was requested. Jonathan Baker agreed to circulate this to Panel members.

**RESOLVED** that the Work Programme 2018-19 be noted.