

# Scrutiny Panel

**Grand Jury Room, Town Hall  
24 February 2014 at 6.00pm**

The Scrutiny Panel examine the policies and strategies from a borough-wide perspective and ensure the actions of the Cabinet accord with the Council's policies and budget. The Panel reviews corporate strategies that form the Council's Strategic Plan, Council partnerships and the Council's budgetary guidelines, and scrutinises Cabinet or Portfolio Holder decisions which have been called in.

## **Scrutiny Panel – Terms of Reference**

1. To fulfil all the functions of an overview and scrutiny committee under section 9F of the Local Government Act 2000 (as amended by the Localism Act 2011) and in particular (but not limited to):

- (a) To review corporate strategies;
- (b) To ensure that actions of the Cabinet accord with the policies and budget of the Council;
- (c) To monitor and scrutinise the financial performance of the Council, performance reporting and to make recommendations to the Cabinet particularly in relation to annual revenue and capital guidelines, bids and submissions;
- (d) To review the Council's spending proposals to the policy priorities and review progress towards achieving those priorities against the Strategic and Implementation Plans;
- (e) To review the financial performance of the Council and to make recommendations to the Cabinet in relation to financial outturns, revenue and capital expenditure monitors;
- (f) To review or scrutinise executive decisions made by Cabinet, the North Essex Parking Partnership Joint Committee (in relation to decisions relating to off-street matters only) and the Colchester and Ipswich Joint Museums Committee which have been made but not implemented referred to the Panel pursuant to the Call-In Procedure;
- (g) To review or scrutinise executive decisions made by Portfolio Holders and officers taking key decisions which have been made but not implemented referred to the Panel pursuant to the Call-In Procedure;
- (h) To monitor the effectiveness and application of the Call-In Procedure, to report on the number and reasons for Call-In and to make recommendations to the Council on any changes required to ensure the efficient and effective operation of the process;
- (i) To review or scrutinise decisions made, or other action taken, in connection with the discharge of functions which are not the responsibility of the Cabinet;
- (j) At the request of the Cabinet, to make decisions about the priority of referrals made in the event of the volume of reports to the Cabinet or creating difficulty for the management of Cabinet business or jeopardising the efficient running of Council business;

2. To fulfil all the functions of the Council's designated Crime and Disorder Committee ("the Committee") under the Police and Justice Act 2006 and in particular (but not limited to):

- (a) To review and scrutinise decisions made, or other action taken, in connection with the discharge by the responsible authorities of their crime and disorder functions;
- (b) To make reports and recommendations to the Council or the Cabinet with respect to the discharge of those functions.

**COLCHESTER BOROUGH COUNCIL**  
**SCRUTINY PANEL**  
**24 February 2014 at 6:00pm**

**Members**

Chairman : Councillor Beverly Davies.  
Deputy Chairman : Councillor Marcus Harrington.  
Councillors Dave Harris, Jo Hayes, Gerard Oxford,  
Kevin Bentley, Nick Cope, Peter Higgins and Mike Hogg.

**Substitute Members** : All members of the Council who are not Cabinet members or members of this Panel.

**Agenda - Part A**

(open to the public including the media)

Members of the public may wish to note that Agenda items 1 to 5 are normally brief and items 6 to 9 are standard items for which there may be no business to consider.

**Pages**

**1. Welcome and Announcements**

(a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.

(b) At the Chairman's discretion, to announce information on:

- action in the event of an emergency;
- mobile phones switched to silent;
- the audio-recording of meetings;
- location of toilets;
- introduction of members of the meeting.

**2. Substitutions**

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

**3. Urgent Items**

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent and to give reasons for the urgency.

**4. Declarations of Interest**

The Chairman to invite Councillors to declare individually any interests they may have in the items on the agenda. Councillors should consult Meetings General Procedure Rule 7 for full guidance on the registration and declaration of interests. However Councillors may wish to note the following:-

- Where a Councillor has a disclosable pecuniary interest, other pecuniary interest or a non-pecuniary interest in any business of the authority and he/she is present at a meeting of the authority at which the business is considered, the Councillor must disclose to that meeting the existence and nature of that interest, whether or not such interest is registered on his/her register of Interests or if he/she has made a pending notification.
- If a Councillor has a disclosable pecuniary interest in a matter being considered at a meeting, he/she must not participate in any discussion or vote on the matter at the meeting. The Councillor must withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Where a Councillor has another pecuniary interest in a matter being considered at a meeting and where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Councillor's judgment of the public interest, the Councillor must disclose the existence and nature of the interest and withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Failure to comply with the arrangements regarding disclosable pecuniary interests without reasonable excuse is a criminal offence, with a penalty of up to £5,000 and disqualification from office for up to 5 years.

## **5. Minutes**

**1 - 7**

To confirm as a correct record the minutes of the meeting held on 28 January 2014.

The minutes of the meeting held on 11 February 2014 will be submitted to the Panel's next meeting for confirmation

## **6. Have Your Say!**

(a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should

indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.

**7. Decisions taken under special urgency provisions**

To consider any Cabinet decisions taken under the special urgency provisions.

**8. Decisions taken under special urgency provisions**

To consider any Portfolio Holder decisions taken under the special urgency provisions.

**9. Referred items under the Call in Procedure**

To consider any decisions taken under the Call in Procedure.

**10. Items requested by members of the Panel and other Members**

**8 - 9**

(a) To evaluate requests by members of the Panel for an item relevant to the Panel's functions to be considered.

(b) To evaluate requests by other members of the Council for an item relevant to the Panel's functions to be considered.

See report by the Head of Operational Services.

***Members of the panel may use agenda item 'a' (all other members will use agenda item 'b') as the appropriate route for referring a 'local government matter' in the context of the Councillor Call for Action to the panel. Please refer to the panel's terms of reference for further procedural arrangements.***

**11. Work Programme 2013-14**

**10 - 12**

See report from the Assistant Chief Executive.

**12. Review of the North Essex Parking Partnership financial position**

**13 - 17**

See report by the Head of Operational Services.

**13. Exclusion of the public**

In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended) to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

# SCRUTINY PANEL

## 28 JANUARY 2014

*Present :-* Councillor Beverly Davies (Chairman)  
Councillors Nick Cope, Jo Hayes, Peter Higgins and Gerard Oxford

*Substitute Members :-* Councillor Will Quince for Councillor Kevin Bentley  
Councillor Dennis Willetts for Councillor Marcus Harrington  
Councillor Michael Lilley for Councillor Dave Harris  
Councillor Barrie Cook for Councillor Mike Hogg

*Also in Attendance :-* Councillor Paul Smith

### **43. Minutes**

The minutes of the meeting held on 10 December 2013 were confirmed as a correct record.

The Chairman also referred to the information pack explaining how the 'park safe' car service would work and the list of priorities for the Enforcement Officers and contact details for the Area Managers which had yet to be received by Councillors and requested that the relevant officer be reminded.

### **44. Items requested by members of the Panel and other Members**

Councillor Quince referred to an email that had been sent to a number of Councillors concerning allegations of shortfalls at Colchester Leisure World (CLW). He was of the view that this provided an opportunity for the Panel to consider undertaking a review of the Fundamental Service Review (FSR) of Sport and Leisure which might potentially include a visit to the location and discussions between members of staff and Panel members. Not all members of the Panel had received the email referred to and were not in a position to form a view about the merits or otherwise of the Panel conducting a review.

*RESOLVED* that:-

- (i) The request from Councillor Quince for a review by the Panel of the Fundamental Service Review (FSR) of Sport and Leisure be noted;
- (ii) Arrangements be made for a short report to be prepared for consideration at the next available meeting of the Panel providing further details of the issues referred to by Councillor Quince as well as other relevant background information;
- (iii) Following consideration of the report referred to in (ii) above, the Panel evaluates whether the matter merits inclusion in the work programme.

## 45. Revenue Budget 2014-15

**Councillor Davies (in respect of her Trusteeship of Colchester Community Voluntary Service) declared a non-pecuniary interest in this item pursuant to the provisions of Meetings General Procedure Rule 7(5).**

**Councillor Lilley (in respect of his Board Membership of Colchester Borough Homes) declared a non-pecuniary interest in this item pursuant to the provisions of Meetings General Procedure Rule 7(5).**

**Councillor Quince (in respect of his Trusteeship of Grassroots) declared a non-pecuniary interest in this item pursuant to the provisions of Meetings General Procedure Rule 7(5).**

### **General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast 2014/15**

The Panel received the report from the Assistant Chief Executive which, together with the Housing Revenue Account Estimates, Housing Investment Programme and the Treasury Management Strategy Statement, would be presented to the meeting of the Cabinet on 29 January 2014 and together provided a full assessment of the Council's financial position and plans.

Sean Plummer gave a detailed presentation explaining that the Revenue Budget for 2014/15 had been prepared against a background of meeting the Council's Strategic Plan objectives whilst continuing to face significant financial pressures from the reductions in core Government funding and the ongoing difficult economic background. Every effort had been made to produce a balanced budget that included a higher level of savings and investment in key services which had been achieved through a budget strategy that had resulted in:-

- The delivery of savings through the fundamental service review process;
- Making efficiencies through specific budget reviews and contract renewals;
- Maximising new and existing income streams;
- Recognising cost pressures and making decisions on budget changes where necessary.

The budget included savings or additional income of £2.7m which compared to £1.8m included within the 13/14 budget. The majority of savings were based on proposals to work more efficiently and to maximise opportunities to increase income, however, budget reductions were also included. In addition, core Government funding for 2014/15 was being reduced by £1.3m which, since 2011/12 had now been reduced in total by £4.6m with a further provisional reduction of £1.3m announced for 2015/16.

The financial outlook set out within the Medium Term Financial Forecast (MTFF) showed that further reductions in funding and cost pressures faced by the Council meant that the position would remain challenging. Legislative changes such as the introduction of the Local Council Tax Support (LCTS) Scheme and the introduction of the business rates retention scheme had brought new financial risks for the Council to



consider and the budget included consideration of these issues and recommended steps to manage the risks.

The following issues were raised by Panel members:

- Councillor Davies – whether the budgets for staff training had been affected by the need to identify savings, whether the funds allocated for use by Portfolio Holders was to be continued and suggesting the reinstatement of cash payment facilities to avoid the imposition of bank charges;
- Councillor Cope – whether the references in the report to current bank interest rates would need to be revised in the light of recent forecast announcements, a request for an explanation of the difference between interest rates for investments compared to rates for borrowing and whether temporally unallocated funds could be invested over short term periods to maximise its use;
- Councillor Quince – what constituted the ongoing running costs for the Bus Station, request for more background information about the shortfall in income stream targets particularly in relation to trade waste and community alarms, the cost of agency workers for Operational Services, whether the £757k from the New Homes Bonus would actually be allocated during the year and what specific projects had been identified for investment from these funds;
- Councillor Willetts – the need for specific community projects with potential for investment to be identified within the report and appendices, for areas of risk where it was not possible to predict accurate timescales for delivery to be shown within the Medium Term Financial Forecast, how reliable was the decision to reduce the amount allocated to inflationary pressures given the recent forecasting announcements, the robustness of the Council's income stream forecasts for car parking, community alarms and trade waste given the track record of frequently needing to reduce income targets, the need for suitable modelling techniques to be used to more accurately set charging levels to optimise income, whether the £190k forecasted increase in income at the cemetery and crematorium would be from increased charges, whether the negative impact on the town had been considered when it had been agreed not to host a Tour Series event in Colchester in 2014, when the final decision on the level of Council Tax for the forthcoming year would be made and the fact that the delay meant that it would not be possible for the Panel to pre-scrutinise the issue and a request for a schedule of changes to the report compared to the contents of the previous year's budget report;
- Councillor P Higgins – the benefit for Panel members in considering the budget reports generally for information to be included, such as percentages and total income figures which would provide a sense of proportion and comparison.

In response to issues raised, the following information was provided jointly by Sean Plummer and Councillor Smith:

- There had been no specific proposals to reduce service training or the HR Central training budgets;
- The funds for Portfolio Holders had been approved as a one off initiative for one year only and was not being continued for 2014/15;
- A temporary member of staff had been employed to assist customers at the Bus Station, the positive feedback for which had prompted the post to be made

permanent with consequential ongoing cost implications associated with the Bus Station;

- The introduction of online payments by the Council had brought associated bank charges but these were much lower than the costs currently associated with cash handling;
- Further detail in relation to the trade waste income would be supplied to Councillor Quince to address his request;
- The need to use agency workers by Operational Services at certain times to provide cover for staffing gaps and this had been acknowledged in the budget;
- The intention was to allocate the increase in New Homes Bonus funding to one off investment projects to support projects delivering income or savings and community projects which were currently the subject of investigation by the Trading Board and service areas of the Council. It was not thought prudent to use the New Homes Funding to support the revenue budget and these funds were subject to change and couldn't be relied upon to remain at existing levels. It was anticipated that these investment decisions would be made by the Cabinet in the near future;
- Internal borrowing was an established mechanism used to manage the availability of funding over short periods within the financial year;
- The level of funds allocated to inflationary pressures was subject to a number of assumptions about costs such as salaries, energy and business rates and these had enabled a modest reduction for inflationary pressures to be identified;
- Overall the Council's ability to balance its budgets was considered to be good, income levels were dependent on a number of variables, some of which, such as the weather, were difficult to predict, nevertheless it was considered that the existing processes were sufficiently robust to cope with these variable circumstances;
- The report contained details of the Chief Financial Officer's view on the robustness of the estimates and it was confirmed that the assumptions that had been made were considered reasonable. Even very sophisticated prediction models included elements of risk and this was acknowledged by the inclusion of contingencies within the budget to address areas of risk;
- The specific reasons why there had been shortfalls in income for car parking were the uptake of the special offer prices and the trend towards stays being for shorter periods, for trade waste the shortfall was due to the highly competitive market whereby private companies were willing to utilise loss leaders in order to retain business, whilst for community alarms the shortfall was due to the numbers of people choosing to use the service not meeting budget targets;
- The Helpline community alarm service had been identified by the Trading Board as an area for review with current investigations to improve the revenue potential of the service;
- The cemetery and crematorium had been the subject of a review by the Trading Board which had identified proposals to generate additional income by means of the delivery of additional services, however the £190k sum did also incorporate a significant element from land charges income. The details of the cemetery and crematorium fees and charges proposals had been agreed by Cabinet in November 2013;
- The impact on the residents of Colchester had been considered by the Cabinet

members when determining whether to host another Tour Series event in the coming year however the need to absorb reduction in Government income was also an important criteria;

- The decision on the level of Council Tax for the forthcoming year was dependent on all the facts becoming available to the Council, in particular the date for the announcement of the threshold for the calling of a referendum was now not expected until later in February.

## **Housing Revenue Account Estimates and Housing Investment Programme 2014/15**

The Panel received a report by the Head of Commercial Services, presented by Darren Brown, Financial Accountant, explaining that the Council's financial procedures required the preparation of detailed Housing Revenue Account (HRA) estimates for approval by the Cabinet, the setting of new rent levels for the forthcoming financial year and, as part of the governance process to agree the Council's revenue and capital estimates, and the Cabinet to agree the allocations to the Housing Stock Investment Programme. The HRA estimates included the new housing and garage rents and Management Fee for Colchester Borough Homes (CBH), and noted the Housing Investment Programme (HIP) contribution, linked to the HRA but detailed in a separate report.

This was the first HRA budget to be set under the terms of the new management agreement with CBH. The management fee consequently contained a larger range of budgets, and the budget was set with an emphasis on the medium term, to provide more stability and meet the governance arrangements within the new management agreement. Also this was the first HRA budget to be set in the context of the new 30 year HRA Business Plan, which had been approved by Cabinet at its meeting in November 2013. Finally, this was the third year of HRA Self-Financing which had radically altered the funding of Council Housing and the increase in investment in the housing stock and other projects.

The content and format of the reports were welcomed by the Panel members and no specific issues were identified for discussion.

## **Treasury Management Strategy Statement**

Steve Heath, Finance Manager, presented the Treasury Management Strategy Statement to the Panel together with the Minimum Revenue Provision Policy Statement and Annual Investment Strategy prior to it being considered by Cabinet and Full Council as part of the 2014/15 budget report.

It was explained that the Council had agreed to adopt the revised CIPFA Treasury Management in the Public Services Code of Practice in February 2010 which required the Council to approve an annual Treasury Management Strategy Statement, which should be submitted for scrutiny prior to the start of the year to which it related, and to keep treasury management activities under review.

The following issues were raised by Panel members:

- Councillor Cope – whether the references in the report to current bank interest rates would need to be revised in the light of recent forecast announcements and a request for an explanation of the difference between interest rates for investments compared to rates for borrowing;
- Councillor P Higgins – whether the forecasts provided by the Treasury advisers were realistic, given latest announcements from the Government;
- Councillor Willetts – whether the risk of relaxing standards by investing in banks with lower than AAA ratings had actually been quantified;
- Councillor Hayes – the issue of Sovereignty was a factor in determining whether to choose to invest within the UK as it was likely that currency devaluation would have less impact than investments in other currencies and her view that ‘credit default swaps’ were likely to carry a degree of risk which was not acceptable.

In response to issues raised, the following information was provided jointly by Steve Heath and Councillor Smith:

- It was confirmed that borrowing rates were a lot higher than the rates achieved from investments, the Council tended to ensure its cash balances were run down in order to avoid the reliance on poor rates of return on investments;
- The difference between the borrowing and investment rates would need to vary sharply for the Council’s existing strategy to be changed, however the situation was subject to regular monitoring and any significant changes would be brought to the Panel within the regular Capital Monitoring reporting mechanism;
- The Council’s Creditworthiness Policy was detailed in the report and this provided an indication of the approach adopted in relation to risk whilst a more detailed quantitative analysis could be provided separately, if required.

*RESOLVED* that, following the Panel’s detailed consideration the various elements of the Revenue Budget 2014/15, as set out below, be noted:-

- (i) General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast 2014/15
- (ii) Housing Revenue Accounts Estimates 2014/15
- (iii) Housing Investment Programme 2014/15
- (iv) Treasury Management Strategy Statement 2014/15

#### **46. Work Programme 2013-14**

The Panel considered a report by the Assistant Chief Executive setting out the current Work Programme for the Panel for 2013 -14.

It was explained that it had been decided to cancel the review of Colchester Hospital in view of the recent decision by the Chief Executive to stand down. Also arrangements

were being made for an additional meeting of the Panel to take place on 24 February 2014 in order to consider the Parking Services financial position in more detail.

*RESOLVED* that the contents of the Work Programme be noted.



## Scrutiny Panel

Item  
10(b)

24 February 2014

<b>Report of</b>	<b>Head of Operational Services</b>	<b>Author</b>	<b>Matthew Young</b> ☎ 282902 <b>Tim Swallow</b> ☎ 282106
<b>Title</b>	<b>Fundamental Service Review of Sport and Leisure</b>		
<b>Wards affected</b>	Not applicable		

**The Panel is asked to consider whether to include an item on the Sport and Leisure Fundamental Service Review (FSR) in its work programme**

### 1. Action required

- 1.1 The Panel is asked to consider whether it wishes to include an item on progress of the Sports and Leisure FSR in its work programme

### 2. Reason for scrutiny

- 2.1 At its meeting on 10<sup>th</sup> December 2013 the Panel was asked by Councillor Quince to include an item on the Sport and Leisure FSR in its work programme following an email that had been received by some Councillors.
- 2.2 It was agreed that a short report would be prepared for this meeting so the Panel could consider whether they would want to include in its work programme.

### 3. Detailed information

- 3.1 The FSR of Sport and Leisure is in its second year of implementation the details of which were in the Business Case submitted to the Cabinet on 14th March 2012.
- 3.2 However, there was a delayed start to the implementation of the FSR changes of six months because of further information requested by Cabinet as well as a delay in the building works. This meant the new approach commenced fully in May 2013.
- 3.3 Following nine months of the new working arrangements the service is already seeing significant increases across the business in both usage and financial returns.
- 3.4 There was a shortfall in income after the first three quarters but the service has made adjustments in its expenditure to try and offset this and is also increasing its efforts in trying to get some of this back in the following three months of the year.
- 3.5 Areas performing above target include Swimming Lessons, Aqua Springs and Beauty Therapy. Areas performing below target include Lifestyles memberships which is probably the area most affected by the delay in implementation and an exceptionally hot summer has also seen a down-turn in pools income. However, Lifestyles/membership income is still £91,000 above the same time last year which is growth that any leisure business would welcome.

- 3.6 In addition to this there has been a growth in participation of around 15% across business and the service has seen over 63,000 extra visits when compared to the same period last year. Furthermore, swimming lesson numbers are the highest since 2011.
- 3.7 The Business Case also focussed the improvement on moving customers from face to face transaction to self service and since May 2013 over 95,000 visits have been booked directly by customers using self-serve kiosks or on-line.
- 3.8 As with any business that is not meeting its income targets there is a need to look at expenditure to see where this can be reduced to offset any shortfall. In this regard some savings have been identified by reviewing staff rotas and equipment spend. The service has also decided to reduce staff resources in Activa as a result of a loss in funding from Essex County Council for the Life Enhancing Activity Programme (LEAP).
- 3.9 Sport and Leisure will continue to closely review the performance of the business during the remainder of this and the next financial year, particularly as next year's budget has been set to achieve an overall break-even position for the service in line with the Business Case. The budget performance is also discussed with the Portfolio Holder on a monthly basis.
- 3.10 Therefore, it would probably be more appropriate to delay any scrutiny to sometime during the next financial year to check progress against this challenging objective.
- 3.11 In relation to the claims made in the email that Councillor Quince referred to there were a number of inaccuracies contained within it and the Councillors that raised these directly with the Head of Service did receive a detailed response explaining the correct position.

#### **4. Equality, Diversity and Human Rights implications**

- 4.1 There are no particular equality, diversity or human rights implications. This is covered in the original EQIA for the Service. The EQIA is available on the Council's website [www.colchester.gov.uk](http://www.colchester.gov.uk) and follow the pathway: Home > Council and Democracy > Policies, strategies and performance > Equality and Diversity > Equality Impact Assessments or on the link below: <http://www.colchester.gov.uk/CHttpHandler.ashx?id=3760&p=0>

#### **5. Other Standard References**

- 5.1 As this is an information report there are no publicity; consultation; financial; health and safety; community safety and risk management implications

#### **Background Papers**

Sport and Leisure FSR Business Case



## Scrutiny Panel

Item

11

24 February 2014

<b>Report of</b>	<b>Assistant Chief Executive</b>	<b>Author</b>	<b>Amanda Chidgey</b>
<b>Title</b>	<b>Work Programme 2013-14</b>		<b>☎ 282227</b>
<b>Wards affected</b>	Not applicable		

This report sets out the current Work Programme 2013-2014 for the Scrutiny Panel.

### 1. Decisions Required

- 1.1 The Panel is asked to consider and comment on the contents of the Panel's Work Programme for 2013-14.

### 2. Alternative options

- 2.1 This function forms part of the Panel's Terms of Reference and, as such, no alternative options are presented.

### 3. Supporting Information

- 3.1 The Panel's work programme will evolve as the Municipal Year progresses and items of business are commenced and concluded. At each meeting the opportunity is taken for the work programme to be reviewed and, if necessary, amended according to current circumstances.
- 3.2 The Panel will be considering a separate report on this agenda from the Head of Operational Services regarding the request for a review of the Fundamental Service Review of Sport and Leisure.

### 4. Strategic Plan References

- 4.1 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self governance provides a clear and demonstrable lead. Effective governance underpins the implementation and application of all aspects of the Council's work.

### 5. Standard References

- 5.1 There are no particular references to publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.



## WORK PROGRAMME 2013-14

<b>Meeting date / agenda items and relevant portfolio</b>
<p><b>11 June 2013</b></p> <ol style="list-style-type: none"> <li>1. 2012-13 Year-end Performance Report and SPAP (Leader / Head of Community Services)</li> <li>2. 2012-13 Revenue Expenditure Monitoring Report</li> <li>3. 2012-13 Capital Expenditure Monitoring Report</li> </ol>
<p><b>2 July 2013 (extra)</b></p> <ol style="list-style-type: none"> <li>1. New Housing Arrangements (Housing / Head of Commercial Services) deferred from 11 June 2013</li> </ol>
<p><b>23 July 2013 (briefing 18 July, 5pm, S11 Rowan House)</b></p> <ol style="list-style-type: none"> <li>1. Pre-scrutinise the Portfolio Holder decision 'To Close the Abbots Activity Centre' (Community and Leisure)</li> <li>2. Budget Strategy, Timetable and MTF (Leader / Business and Resources Portfolio)</li> <li>3. Annual Report on Treasury Management (Business and Resources Portfolio)</li> </ol>
<p><b>20 August 2013 (briefing 14 August, 5pm, S11 Rowan House)</b></p> <ol style="list-style-type: none"> <li>1. 2013-14 Capital Monitor, period April – June</li> <li>2. 2013-14 Financial Monitor, period April – June</li> </ol>
<p><b>10 September 2013 (briefing 5 September, 5pm, S11 Rowan House)</b></p> <ol style="list-style-type: none"> <li>1. Safer Colchester Partnership (Crime and Disorder Committee) (Planning and Community Safety Portfolio)</li> <li>2. firstsite project: Final Overview (Scrutiny Panel)(I Vipond, Strategic Director)</li> </ol>
<p><b>29 October 2013 (briefing 24 October, 5pm, S11 Rowan House)</b></p> <ol style="list-style-type: none"> <li>1. Corporate and Financial Management FSR - Pre Cabinet scrutiny of Business Case (Leader)</li> <li>2. Report of urgent decision where call-in does not apply</li> </ol>
<p><b>12 November 2013 (briefing 7 November, 4.30pm, S11 Rowan House)</b></p> <ol style="list-style-type: none"> <li>1. Call-in – Allotment Charges and Review of Tenancy Agreements</li> <li>2. Localising Council Tax Support (follow-up on 2012-13 implementation review)</li> <li>3. 2013-14 Revenue Monitor, period April – September</li> <li>4. 2013-14 Capital Monitor, period April – September</li> </ol>
<p><b>10 December 2013 (briefing 4 December, 5pm, S11 Rowan House)</b></p> <ol style="list-style-type: none"> <li>1. Review of Parking Services in Colchester (Deputy Leader / Head of Operational Services)</li> </ol> <p>Presentation from Head of Operational Services and North Essex Parking Partnership Group Manager</p>

<ul style="list-style-type: none"> <li>2. Treasury Management – Half yearly update</li> <li>3. 2013-14 6-monthly Performance report and Strategic Plan Action Plan (Leader / Business and Resources Portfolio)</li> </ul>
<p><b>28 January 2014 (briefing 23 January, 5pm, S11 Rowan House)</b></p> <ul style="list-style-type: none"> <li>1. 2014/15 Revenue Budget, Capital Programme and MTFE (Pre-scrutiny of Cabinet Decision (Leader / Business and Resources Portfolio)</li> <li>2. Treasury Management Investment Strategy</li> </ul>
<p><b>11 February 2014 (briefing 6 February, 5pm, S11 Rowan House)</b></p> <ul style="list-style-type: none"> <li>1. 2013-14 Capital Monitor, period April – December</li> <li>2. 2013-14 Revenue Monitor, period April – December</li> <li>3. Homelessness Strategy (Head of Commercial Services / Housing Portfolio)</li> </ul>
<p><b>24 February 2014 (briefing 20 February 5pm, S11 Rowan House)</b></p> <ul style="list-style-type: none"> <li>1. Review of the North Essex Parking Partnership financial position (Deputy Leader / Head of Operational Services)</li> </ul>
<p><b>18 March 2014 (briefing 13 March, 5pm, S11 Rowan House)</b></p> <ul style="list-style-type: none"> <li>1. Colchester Community Stadium Limited review (last review 20 March 2012)(Leader)</li> <li>2. Review of Council's overall IT provision including financial costs, practicalities, project management and milestones (Assistant Chief Executive / Business and Resources Portfolio).</li> </ul>

**Items for Scheduling on 2014-15**

- 1. Review of Colchester Hospital (The Chief Executive and Chairman to attend)



## Scrutiny Panel

Item  
**12**

24 February 2014

<b>Report of</b>	<b>Head of Operational Services</b>	<b>Author</b>	<b>Matthew Young</b> ☎ 282902
<b>Title</b>	<b>Review of the North Essex Parking Partnership financial position</b>		
<b>Wards affected</b>	Not applicable		

**The Panel is asked to scrutinise the financial position of the North Essex Parking Partnership (NEPP)**

### 1. Action required

1.1 The Panel is asked to comment on the NEPP budget situation including:

- details of income generated by the NEPP;
- current extent of the NEPP deficit;
- the measures proposed to address the deficit

### 2. Reason for scrutiny

2.1 At its meeting on 10<sup>th</sup> December 2013 the Panel asked to be provided with further information on the finances of the NEPP and in particular respond to the points detailed in the previous section of this report.

### 3. Detailed information

3.1 The Panel has requested information about how the NEPP generates its income; the current financial position of the NEPP and, if there is a deficit, what the measures proposed to address it.

3.2 The NEPP income arises from issuing Penalty Charge Notices (PCN); supplying Resident Permits and Resident Visitor Permits and operating Pay and Display schemes on-street. This is collected in the 'on-street' account and is used to offset the costs of running the enforcement and back office support services with the intention of the service breaking even.

3.3 In addition, client authorities can pay a contribution for NEPP to administer their 'off-street' services such as car park enforcement, machine maintenance, customer care and cash collection on their behalf. These contributions are used to cover the costs of providing these services again with the intention of achieving a break-even situation.

3.4 The current financial position of the NEPP on-street account is detailed in Appendix One to this report which shows a £52,000 surplus on the on-street account at the end of

December 2013 although this is predicted to reduce to a £40,000 surplus by the end of the financial year.

- 3.5 The off-street account is detailed in Appendix Two and shows a £44,000 deficit at the end of December 2013, but this is predicted to reduce to £10,000 by the end of the financial year.
- 3.6 If deficits do occur the service either has to look at methods of increasing income or reducing expenditure. As Members will be aware this was the case at the end of the 2012/13 financial year and the following actions were undertaken to ensure that this did not reoccur in 2013/14:
- The number of CEO was reduced based on a recommendation by officers to the Joint Committee
  - Budgets for expenditure were reduced in light of the efficiencies brought about by the introduction of electronic systems and the likely impact of the CCTV car
  - The debt/bailiff process was improved to increase the income generated from PCN that reach this stage
  - The deployment of enforcement was reviewed in all the three areas across the NEPP leading to an increase in number and quality of PCN issued
- 3.7 Financial forecasting has also been improved based on the data gathered during the first two financial years, and especially since a full year of data since merging the Epping Forest operation.
- 3.8 Furthermore, in relation to deficits and surpluses it was agreed by the NEPP Joint Committee at its last meeting in January that it would carry over any surpluses or deficits of £50,000 or less into the next financial year. This will give the Partnership more flexibility in dealing with any issues that occur during financial years.
- 3.9 If a deficit occurs above £50,000 the Joint Committee Agreement is clear that it will be divided equally amongst all partner authorities, excluding Essex County Council. Conversely, if a surplus occurs above £50,000 it was agreed by the Joint Committee that they would receive a report to their Annual General Meeting (AGM) in June and agree what to do with the amount involved.
- 3.10 In relation to deficits or surpluses on the off-street account this will be the responsibility of the authorities who have signed up to this service to discuss and agree what actions will be taken to address the issue or use the funds. This will be done at the AGM in June and allowance made in the lead authority's budgets.
- 3.11 For information a full review of the off-street service is being undertaken during the 2014/15 financial year to ensure that the operation is being run efficiently and economically and that the contributions by authorities are still representative of the cost of the services being received.

#### **4. Strategic Plan references**

- 4.1 An effective Parking service will contribute to the priorities of promoting sustainability and reducing congestion as well as improving opportunities for local businesses and retail to thrive.

#### **5. Equality, Diversity and Human Rights implications**

- 5.1 There are no particular equality, diversity or human rights implications. This is covered in the original EQIA for the Service. The EQIA can be found here:  
[http://www.colchester.gov.uk/Info\\_page\\_two\\_pic\\_2\\_det.asp?art\\_id=7977&sec\\_id=1988](http://www.colchester.gov.uk/Info_page_two_pic_2_det.asp?art_id=7977&sec_id=1988)

#### **6. Financial Implications**

- 6.1 This is covered in the detailed information section of this report and the two appendices attached.

#### **7. Other Standard References**

- 7.1 As this is an information report there are no publicity; financial; health and safety; community safety and risk management implications

#### **Background Papers**

North Essex Parking Partnership Joint Agreement, 2011

**Appendix One: On-street report at period 9 2013/2014**

On-street Account	2013/2014 Actual to date	2013/2014 Budget to date	2013/2014 Variance to date	2013/2014 Forecast	2013/2014 Annual budget	2013/2014 Projected variance	Note
<b>Expenditure</b>							
<b>Direct costs</b>							
Employee costs:							
Management	43	41	2	58	55	3	Parking Services Mgt Team staff costs
CEOs & Supervision	802	872	(70)	1,030	1,162	(132)	A
Back Office	207	202	5	268	270	(2)	
TRO's	60	60	-	80	80	-	
Premises costs	9	8	1	12	9	3	3
Transport costs (running costs)	21	17	4	32	24	8	B
Supplies & Services	127	127	-	247	238	9	C
Third Party Payments	32	19	13	43	28	15	D
	<u>1,302</u>	<u>1,347</u>	<u>(45)</u>	<u>1,769</u>	<u>1,866</u>	<u>(96)</u>	
<b>Non-direct costs</b>							
Accommodation	48	48	-	64	64	-	Accommodation
Other Support Services	120	120	-	150	150	-	Accountancy, HR, insurance, HoS, etc
Cash Office & Receiving & Postage	25	25	-	54	33	20	E
Communications	15	15	-	20	20	-	Communications
Fleet contract hire	38	38	-	47	48	(1)	Fleet costs
IT	57	57	-	76	76	-	IT costs
	<u>303</u>	<u>303</u>	<u>-</u>	<u>410</u>	<u>391</u>	<u>19</u>	
<b>Total Expenditure</b>	<u>1,605</u>	<u>1,650</u>	<u>(45)</u>	<u>2,180</u>	<u>2,257</u>	<u>(77)</u>	
<b>Income</b>							
Penalty Charges (PCNs)	(1,182)	(1,191)	9	(1,654)	(1,713)	59	F
Parking Permits/Season Tickets	(315)	(289)	(25)	(414)	(386)	(28)	G
Parking Charges (P&D etc)	(110)	(118)	9	(146)	(158)	12	H
Other income	-	-	-	(6)	-	(6)	I
	<u>(1,606)</u>	<u>(1,598)</u>	<u>(7)</u>	<u>(2,220)</u>	<u>(2,257)</u>	<u>37</u>	
<b>Total Income</b>	<u>(2)</u>	<u>51</u>	<u>(52)</u>	<u>(41)</u>	<u>-</u>	<u>(40)</u>	

**Notes**

- A Savings in enforcement staff costs, net of severance pay (70% attributable to on-street account).
- B Cost pressure on fuel.
- C Cost pressure on debt registration fees.
- D Chipside and Patrol costs
- E Cost pressure on postage.
- F Income from penalty charge notices - projection based on recent trends.
- G Income from season tickets / permits expected to be slightly above budget for the year.
- H Income from P&D expected to be slightly down due to proposed changes at Harwich Quay.
- I Income in respect of consultancy works carried out by Parking Manager.

## Appendix Two: Off-street report at period 9 2013/2014

Off-street Account	2013/2014 Actual to date	2013/2014 Budget to date	2013/2014 Variance to date	2013/2014 Forecast	2013/2014 Annual budget	2013/2014 Projected variance
<b>Expenditure</b>						
<b>Direct costs</b>						
Employee costs:						
Management	11	10	-	14	14	1
CEOs & Supervision	344	374	(30)	442	498	(57)
Back Office	89	87	2	114	116	(2)
Off-street Account	302	299	3	416	399	17
Premises costs	3	2	1	3	2	1
Transport costs (running costs)	12	7	6	18	9	1
Supplies & Services	91	53	39	127	61	66
Third Party Payments	14	8	6	18	12	6
	<b>865</b>	<b>839</b>	<b>27</b>	<b>1,153</b>	<b>1,111</b>	<b>41</b>
<b>Non-direct costs</b>						
Accommodation	12	12	-	16	16	-
Other Support Services	37	37	-	45	45	-
Cash Office & Receiving & Postage	21	21	-	23	27	(4)
Communications	4	4	-	5	5	-
Fleet contract hire	40	40	-	45	45	-
IT	14	14	-	19	19	-
	<b>128</b>	<b>128</b>	<b>-</b>	<b>153</b>	<b>157</b>	<b>(4)</b>
	<b>994</b>	<b>967</b>	<b>27</b>	<b>1,306</b>	<b>1,268</b>	<b>37</b>
<b>Total Expenditure</b>						
<b>Funded by:</b>						
Braintree District Council	(106)	(106)	-	(142)	(142)	-
Colchester Borough Council	-	-	-	(626)	(626)	-
Epping Forest District Council	(195)	(200)	5	(266)	(266)	-
Harlow District Council	(50)	(50)	-	(66)	(66)	-
Uttlesford District Council	(111)	(111)	-	(148)	(148)	-
Other income	3	(9)	12	(38)	(12)	(27)
	<b>(458)</b>	<b>(476)</b>	<b>17</b>	<b>(1,287)</b>	<b>(1,260)</b>	<b>(27)</b>
<b>Total Income</b>						
<b>Deficit / (Surplus)</b>						
	<b>536</b>	<b>492</b>	<b>44</b>	<b>19</b>	<b>7</b>	<b>10</b>

### Notes

- A Savings in enforcement staff costs, net of severance pay (30% attributable to off-street account).  
 Saving on off-street staff due to retirement.  
 B Cost pressure due to cash counting duties now being carried out by off-street staff.  
 C Cost pressure on fuel.  
 D Cost pressure of £13k on equipment and materials spend (some of which will be recharged to partners).  
 Cost pressure of £34k on MIPermit transaction fees (includes forecasted BDC & UDC costs).  
 Cost pressure of £6k on Cale Briparc.  
 Cost pressure of £6k on British Parking Association Membership.  
 Cost pressure of £5k on G4S costs for 4 months of year.  
 E Cost pressure on debt registration fees.  
 F Cost pressure on postage.  
 G Relates to additional services provided by NEPP to CBC, partly offset by credit note for duplicate inv.

