

SCRUTINY PANEL

26 February 2024

Present: - Councillor Arnold, Councillor Laws (Chair),
Councillor McCarthy, Councillor McLean,
Councillor Smalls, Councillor Willetts

Substitutions: - Councillor Sunnucks for Councillor Rowe

Also present: - Councillor Dundas, Councillor King, Councillor
Naylor [via Zoom]

455. Urgent Items

Owen Howell, Democratic Services Officer, informed the Panel of an urgent decision which he had taken, as proper officer to the Panel and in consultation with the Chairman, Deputy Chairman, and lead Group members, to defer the item for the Scrutiny Panel to review the situation regarding Community 360, which had been scheduled for the Panel's meeting on 12 March 2024. This was to be replaced by a confidential briefing to follow immediately this meeting [26 February 2024] of the Panel, and for it to be reintroduced to the Scrutiny Panel's work programme once the Council had received information it had requested from Community 360 and from the Charity Commission.

456. Have Your Say

Councillor Naylor attended remotely via Zoom and, with permission of the Chairman, addressed the Panel to raise concerns regarding the Budget for 2024-25, which had been approved by Full Council. Councillor Naylor gave her view that the Council had conducted inadequate assessments of its financial limitations, and had paid insufficient regard to investment risks. Councillor Naylor asked what had been known about these by officers and elected members and asked the Panel to give assurance that tough questions were asked and answered. Councillor Naylor asked why an austerity budget had been approved, when alternatives had been proposed, and whether these had been discussed by Cabinet, including the suggestion for the Council to sell off its Mill Road site to a private developer, rather than continue to bear the ongoing costs from the site.

The Chairman gave assurances that the Scrutiny Panel conducted rigorous questioning, but noted that the Budget had already been approved by Full Council, and that this meeting was to scrutinise the 'Fit for the Future' [FfF] Programme, before it went to Cabinet for consideration.

Councillor King, Leader of the Council, acknowledged the significant amount of in-depth work carried out by the Scrutiny Panel in its pre-decision work on the Budget for 2024-25. Workshops held for elected members had also gone through the Budget proposals line by line. Pam Donnelly, Chief Executive, underlined that the 2024-25 Budget had already been approved by Full Council, and that it was not the Scrutiny Panel's role to scrutinise decisions taken by Full Council. There would be no further scrutiny of that decision. Opposition elected members had been granted extensive access to Council officers who had been working on the Budget, but no further access would be granted in relation to the Budget.

A statement was read out on behalf of Councillor Smithson, who wrote to raise his disappointment with the proposed governance arrangements for the FfF Programme, with a proposed Oversight Group to contain members of the Governance and Audit Committee, which already held a formal oversight role, and members of Cabinet. Councillor Smithson raised concern that such an oversight group could not be impartial. Councillor Smithson further noted the skillsets of elected members and suggested that those with relevant skills be invited to play an operational role in setting out and enacting the FfF Programme, offering his services and experience as a VAT consultant and VAT director. Councillor Smithson asked why he had not received a response to the questions he had raised on 15 February 2024.

The Chairman noted that 15 February 2024 was not long in the past, and suggested that it would be reasonable to wait for a response on the questions that Councillor Smithson had raised on that date.

457. Fit for the Future

Councillor Dundas attended and, with permission of the Chairman, addressed the Panel to say that the Fit for the Future [FfF] Programme would run for a number of years, and across a number of annual budgets, arguing that this meant that it was not too late to discuss budgetary matters. Councillor Dundas posited that the choices around the FfF Programme did not have to be made, and that there were alternatives. The Programme would see restrictions on Council spending, removing millions from front line spending. Councillor Dundas requested that the Panel recommend that Cabinet re-examine the Budget for 2024-25 and that consideration be given to focusing on a range of services which could be provided within the Council's capacity, rather than providing a wider range of services to a lower standard. Councillor Dundas also asked the Scrutiny Panel to recommend the drafting of a new Strategic Plan, in light of the proposed reductions in Council spending. Councillor Dundas argued that the Housing Revenue Account impacted upon the Budget, and that there was a list of sites where no progress had been made in building housing.

Councillor King, Leader of the Council, agreed that FfF would be a multi-year process, requiring all to accept revisions and transformations, including cross-border work with partner local authorities. Plans would be brought to Policy and Scrutiny Panels to ensure that they were credible. The Council would need to ensure that the Strategic Plan and vision reflected its capacity and aims. The Leader emphasised that the Council's Section 151 Officer had given clear advice that the Council was

not in danger of being unable to fund its work, and that Cabinet would engage with elected members if and when change is required to happen.

Pam Donnelly, Chief Executive, outlined the FfF Programme as being set within the Strategic Plan, which had been approved by Full Council. Monitoring and evaluation were inbuilt in to the Programme and Plan. The Council would be doing less than previously, so the same level and standard of service could not be offered. All councils were facing the same financial challenge. Thirty council's were on the Government's watch list of concern, whilst the Council was not on this list due to the measures put in place.

The Chief Executive outlined the key purposes of FfF, and the required investment in skills, infrastructure, and ICT. There would be a portfolio of work to lay out the communications and information provision with staff and residents, relating to the radical changes that were needed. The five key strands were outlined, and the Chief Executive explained that elected member engagement and input was needed on these. The Programme would be mindful of the housing crisis which needed addressing, and would make best use of the Council's assets.

A Panel member noted that the FfF Programme was not expected to prevent deficits from still occurring each year, and asked why the Programme had not been designed to prevent any deficits in the annual budgets within its timeframe. The Chief Executive and Richard Block, Chief Operating Officer, explained that the figures given were the projections for if no actions were taken, but that action would be taken, and that the FfF would outline the first stage of cuts. Shared Service opportunities would be included in how savings are shown and in decisions taken with partners.

A Panel member argued that the table provided was indeterminate, and that the figures for 2027-29 were extrapolated guesses. Savings were predicted in some areas, but in other areas there were no assumptions given. The Panel member asked how decisions had been taken as to what predictions were given and what predictions were not. Lindsay Barker, Deputy Chief Executive, explained that such judgements were made based on the degree of information available. Areas of work such as the work on assets and move to the corporate landlord model had a huge evidence base and data on which to build to do better. The Council was not yet at a stage where a figure could be provided. Once this was possible, clarity would be given, and elected members would be talked through the decisions that would be needed from them. Figures were provided where confidence could be given, and this would continue, with figures being given when confidence was obtained.

The Panel considered the cash flow information provided, with one member stating that the average in-year reduction was around £1.8m per year, further stating that this was not significantly different to the past ten years, which had seen reductions of around £2m per year. The Panel member gave the view that, whilst the spending reduction under FfF was similar to past reductions, it seemed to be in a more structured fashion.

The Chief Executive stated that the Council had a good record of delivering savings, but that the World and economy had changed, making it harder to make savings. A

measured, long term programme was needed, dealing with structural deficits in budgets, delivering the savings of 25% in operational costs and avoiding a financial crisis.

The Panel discussed the situation in relation to waste operatives, including the positive effect on health from increasing the use of wheelie bins, and questions as to whether service cuts would force daily round sizes to increase.

A Panel member raised questions regarding the reserves projections being given, and requested that the Panel ask for a review of the Council's reserves and reserve position. The Leader of the Council stated that this subject had already been scrutinised, and assurances provided by the Section 151 Officer. The Administration had been as transparent as it could be, and the fundamentals had been declared.

The Chief Executive objected to an accusation that matters were being 'brushed under the carpet', and that issues were being hidden, as this was not happening and would have gone against officers' professionalism and would be contrary to the Nolan Principles. All information was shared with elected members, subject to any confidentiality requirements. Some information was not yet known, and time was needed in order to fill in the gaps. The breadth of work on the Council's assets alone was huge, and to provide unevidenced estimates at this stage would be a dereliction of duty. A Panel member responded, to allege that the figures provided were wrong, as these did not match figures provided in the Budget, and to argue for more focus on reserve increases and decreases. The Chief Executive reiterated that the Budget for 2024-25 had been approved, that reserves were under control and monitored, and that the Scrutiny Panel was not empowered to scrutinise decisions taken by Full Council. The reserves position would be brought back for scrutiny by elected members when appropriate, with assurance that these were sufficient to cover any unexpected call on them.

Returning to the subject of waste collection and possible effects of FfF on waste operatives, Rosa Tanfield, Head of Neighbourhood Services, explained that, as part of developing a new waste strategy, the Council was working with consultants and the Environment and Sustainability Panel to look at a range of options. That Panel would examine the strategy drafted, which would then go out to consultation before being prepared for implementation. Training needs, health and wellbeing, and the impacts on staff were key considerations. Members of staff would be part of the consultation process, as they had been in the creation and roll-out of the subscription model for garden waste collection.

The Head of Neighbourhood Services was asked if the reduction in the Budget of £1.75m in 2026-27 would lead to a significant reduction in greening and street care, and in waste collections. She clarified that £1.75m was the saving needed across all environmental works and programmes, and that the reductions in costs and increases in charges could only be laid out once the modelling was completed. One avenue was to influence behaviour change and enforcement operations. The Chief Operating Officer highlighted the problems from running a hybrid waste collection system, and the opportunities to deliver the service more efficiently. The Panel asked about enforcement powers, such as when recyclable waste was put in black bags. The Head of Neighbourhood Services explained that there was a range of powers

held by the Council. From work done at other authorities, it was possible to see where savings could be made. The Chief Operating Officer noted that the current hybrid system of waste collection in Colchester meant that there were ways to deliver this service in a better fashion. The Environment and Sustainability Panel had been consulting on approaches to enforcement, versus education and encouragement

Mel Rundle, Head of Sustainability, explained that an Asset-based Community Development [ABCD] approach would be taken to street care and greening, system-wide and in cooperation with parish councils and residents. This would be at a variety of locations, including on Housing Revenue Account [HRA] land. The contract held by idVerde for grounds maintenance was currently one of the Council's largest contracts. This had been examined in the past, but as the situation had now changed, a re-examination was possible, to give members an opportunity to further consider future operational models. This would include how to improve income from service level agreements [SLAs] and to maximise route efficiency. 2026-27 would see the end of the idVerde contract, and the need for new arrangements. There was now an opportunity to prepare and scope the future service.

The effect of wheelie bin usage on health and wellbeing was discussed, with Panel members noting the beneficial effects for waste operatives but raising concerns that residents might experience additional strain, trying to handle wheelie bins. Officers were asked if help would be offered to move bins. The Head of Neighbourhood Services confirmed that the Council already offered assisted collections to any resident who applied. Applications were easy to make, and would lead to an assessment of needs. Feedback from residents indicated that many found wheelie bins easier to use than the alternatives. When asked if there was any expectation of an increase in need for assisted collections, the Head of Neighbourhood Services explained that no significant increase was expected, but that different options were under consideration and that the strategy was not being predetermined.

A Panel member raised concerns at the reviewing of the provision of services, and criticised the approach taken, arguing that there would be too much process and not enough progress made, with reputational damage likely for the Council. Lindsay Barker, Deputy Chief Executive, laid out the intention to first develop the strategy, and then produce implementation details. Elected members would be consulted throughout the process and significant work would be put in to gain consensus. Concerns regarding communications with residents and reputational matters for the Council were addressed, with an explanation that the approach to communications would be covered at the end of the presentation. Each workstream would have its own bespoke communications approach tailored to it.

A Panel member raised queries regarding the different service levels which may occur, between some areas where local parish councils conduct much of the street care and greening work, and those areas where this is done by the Council, and where service reductions are expected. Officers were asked if there was no alternative strategy to continue work in non-parished areas, or local residents would be supported to take on such work, or abandoned without support. The Head of Sustainability described the ABCD approach, and added that consultation processes would be carried out to help the Council support residents in doing grounds

maintenance in their areas. The Council would still provide a certain level of work, but at a lower level, such as moving from six grass cuts per year down to four. There were currently a lot of doubling-up of visits to areas for different reasons, so work would be conducted to rationalise and combine work orders, to allow more work to be done per visit of Council officers. The Leader of the Council emphasised that the approach was not an ideological one, and that in-house service provision options could sometimes bring flexibility and more opportunities for savings, but this was not an ordained approach. Cross-party consultation and consensus seeking would be carried out, seeking a fact-based approach.

Dr Frank Hargrave, Head of Ipswich and Colchester Museums, introduced the three strands of work within the culture and tourism portfolio of work. Options being considered included whether charitable status for Museum Service assets, including Colchester Castle, would be financially beneficial. Cultural exemption possibilities regarding VAT on admissions was another possibility. The VAT consultation had looked at 'non-business supplies' as a possible VAT exemption, although this would take a few years to come through. Ways had been sought to reduce costs, including full or partial closure of the Hollytrees Museum. Charging for entry was seen as the most viable option, with the expectation that visitor numbers would drop by around 50%. The Natural History Museum transformation plans were referenced, to develop the asset, gaining external funding where possible.

The Panel discussed the possibility of a 'one stop' ticket which would allow access to multiple cultural venues across the Museum Service and historical assets. This could be modelled on a 'residents' pass', and be part of an effort to change how places such as Hollytrees are considered and used, improving the visitor experience and providing better value for multiple visits.

The Panel queried different implications of potential charitable status, such as whether Council maintenance would need to be paid for, whether costs and/or ticket prices would increase. The Head of Museums explained that cultural VAT exemptions were the prime options being considered, for financial reasons, however it was estimated that the level of benefit would not equal that of moving to a charitable trust model. If a trust was examined as an option, there would be more issues to consider, but benefits regarding VAT and gift aid. Risks needed to be investigated and balanced. Many discussions with elected members would be needed. A Panel member gave his fear that significant repair jobs needed would still attract VAT bills, and suggested exploring other uses for Hollytrees rather than as a museum. The Head of Museums explained that a covenant was in place on Hollytrees. Consultation of stakeholders would be necessary regarding use of the asset, and would be part of the wider asset review.

Richard Block, Chief Operating Officer, gave an overview of the sport and leisure work strands, explaining that the Council needed to consider what it should provide, and the costs involved. Councillors would need to lead and shape the programme and strategy. Policy Panel had already started work on this area. Adam Britton, Head of Sport and Leisure, was currently working on locating £200k of cost reductions.

The Deputy Chief Executive explained the origins of the economy work streams, coming from work done to prepare for possible devolution. Matthew Sterling, Head of

Economic Growth, explained the opportunity to conduct economic development differently. Although devolution was not continuing at this time, local authorities had seen that each had a small economic development team, but had big ambitions. Shared service possibilities were being examined, combining resources and skills.

The Deputy Chief Executive outlined the work elements relating to the Housing Revenue Account [HRA]. The first round of discussions had started that week with elected members and the Board of Colchester Borough Homes [CBH]. The Council and CBH were looking at the 30-Year HRA Business Plan. This was a Council budget, so the Council worked on this with CBH. A scoping of outcomes had been completed, and these were now being tested. Pressures included a dwindling housing stock, increased costs and extra compliance requirements, with rent caps imposed at times by central government. Tenants were often vulnerable, needing of support and subject to health issues. The review of the HRA was expected to take place over the coming year. Philip Sullivan, Chief Executive of CBH, noted that registered social landlords were facing the same challenges, and conversations were ongoing regarding budgets and stock renewal.

A Panel member raised dissatisfaction at the timescales proposed, asking if the process needed to take as long as a year and whether conclusions could be drawn in two or three months instead. The Council's policy to buy properties for social housing was criticised, with the claim made that it was unaffordable and that there were other ways to provide social housing, with private developers delivering more social housing stock than the Council, via Section 106 agreements. The Deputy Chief Executive stated that if there were any easy ways to address the issues being considered, the Council would already be employing them, but agreed that the HRA needed more focus on it. Much stock had been lost to the 'Right to Buy', with significant impact on the HRA Business Plan. The Council was focusing on how to increase its stock to maximise the effect of investments. The aging stock required significant investment, and options included the sale of older stock and buying of newer properties. Consultation with tenants was vital and required under the regulatory framework. This was accounted for in the timescales given. Independent consultants would also be engaged to advise on HRA modelling. The process would be reviewed, affordability of options calculated, and then fed into designing a model to adopt. The Deputy Chief Executive gave assurance that the Council's approach to increasing social housing stock included properties added by developers.

The Panel queried whether the Council had any discount when buying back properties sold under 'Right to Buy.' The Chief Executive of CBH explained that the Council had a right to buy back such properties, but did not get any discounts.

Patricia Barry, Interim Head of Corporate Landlord, laid out the two elements of the Council's work on its assets, stemming from the approval of the move to a corporate landlord model by Cabinet in November 2023. The Estate Plan had previously been laid out at the most recent meeting of the Scrutiny Panel. The Panel noted the number of complicated assets under Council stewardship, and asked whether efficiencies would be found from taking action across the entire estate portfolio. The Interim Head of Corporate Landlord confirmed that the Council was looking at a range of risks, and liabilities from its assets, currently examining assets such as

walls, weirs and quays. Leases, lease obligations and opportunities for increasing efficiencies were being examined.

The Interim Head of Corporate Landlord was asked how the Council could save £300k in the first year, and whether some impending costly bills would be covered within the budgets set. The Interim Head of Corporate Landlord highlighted the cooperative work planned between the Council, CBH and the Council's companies to restructure and produce savings. Once the assessment as to where investments should be made had been carried out, investment in the Estate Plan would be laid out. Risks included energy costs, the impending tightening of energy efficiency ratings required for commercial properties, and the need for the Council to understand costs over the long-term, to ensure financial sustainability. Significant unplanned expenditure on the Council's estate would be needed and would impact the Budget. The cost of potential borrowing would need to be a part of any proposed budget. Some assets would be put up for disposal, some invested in, and some examined for ways to increase income generation.

Shared services were covered, with officers asked why the Council had pursued arrangements with Epping Forest, rather than with Tendring District Council or Ipswich. Richard Block, Chief Operating Officer, gave an overview on the work with fellow local authorities of North Essex, principally on economic development, housing, and shared service agreements. Collaboration was between a coalition of the willing and ready councils, and was being watched by others. Shared service agreements were, in the short term, being kept between a small number of local authorities to be manageable as they developed, with services shared where geographic proximity of partners was not an issue. Other options and partners would be explored, such as potentially sharing building control services with Braintree District Council. More details were due to be considered by Policy Panel at its meeting on 6 March 2024. The principles had been to Cabinet, and a more detailed programme would be produced in the Summer of 2024. Financial benefits would accrue, and improvements would be sought in resilience, and staff recruitment and retention.

Officers were asked for the possible scope of economies of scale, with a Panel member doubting there were significant opportunities for savings, except potentially in the waste service, and suggesting that the Council concentrated on what it did internally. The Chief Operating Officer agreed that shared services would not be a panacea, but emphasised that there would be many benefits.

Jess Douglas, Head of People, informed the Panel that the senior Leadership Board and Heads of Service had options to shape, and that the Council needed its people's ideas, expertise, and management to lead through the transformation programme. Managers would be supported, and details would be explained to help them exemplify leadership behaviours. Council services would look very different, and investment was needed in skills and systems. Reductions in spending would impact on staff and jobs. This would be partially managed by turnover of staff and posts becoming vacant through natural attrition. Efforts would be made to reskill officers to cover vacant positions, where possible. Staff would be supported, and the Council would strive to provide good careers for those who remain within the organisation.

The Panel discussed the importance of occupational health support, the pressures on staff and mental health effects, especially on younger members of staff. This included discussion of the effects of remote working, reducing socialisation and having negative effects on those who worked and lived in a single small space. The Head of People described the proactive approach taken, including a Wellbeing Group and Mental Health First Aiders. Therapy and physiotherapy options were available for those with identified needs. The potential effects of hybrid working were acknowledged, with staff encouraged to use the Rowan House facilities.

Roles to which it was hard to recruit were outlined, including in building control and other professional areas. Roles in Finance and ICT were likewise seeing recruitment difficulties. There was interest in working for the Council, but alternative employers could offer higher salaries.

The approach to redundancies was outlined by the Head of People. Voluntary redundancy was not being offered across the whole organisation, but would be offered on a managed basis, based on service situations. Some officers would be reducing their hours, generating savings. The effects of redundancies on staff would be minimised.

A Panel member asked how the changes described would be made without moving to worse working practices, and what safeguards would be in place. The Head of People emphasised that the Council's management and elected members would not permit any move to poorer working practices which were more commonly seen in commercial enterprises. Almost £1m had been set aside in a redundancy reserve. A Panel member asked whether a swift process would be better, and minimise the stress caused. The Head of People confirmed that a strategy was in place, commencing with consultations and expected to conclude within twelve weeks. The Chief Executive underlined the moral imperative for the Council to support and care for its staff. A quicker approach could have been proposed, but the management team was not in favour of a swift private-sector-style approach, preferring to provide greater support and opportunities to have input for its staff. The significant reduction in staffing numbers and employment levels was outlined. The number of staff employed in 2009 had been 1,091, with this dropping to the current number of 876.

The Head of People and Chief Executive answered questions about collection of feedback from staff, identifying of concerns and monitoring of staffing. There was a 'Speak Up Now' group for collecting anonymous feedback, and views were also gathered from Unison and the Chief Executive's 'Listen, Learn, Lead' programme. Surveys on wellbeing were conducted and morale would be surveyed and monitored. The Chief Executive explained that it was not yet possible to know where redundancies would come from, but that these would be the last resort, with other options including partnerships with other local authorities, or with strategic partnerships and employment opportunities with health organisations.

The Leader of the Council complimented the Council's approach to staffing and support. The current pace of work could be brutal, but staff were listened to, and briefed on the situation faced by the Council. An emphasis was placed on giving staff confidence that the Council was worth staying with, even if officers had to move to different roles.

Melissa Kemp-Salt, Director of ICT and Transformation, gave examples of work with partners, including on the website, via online transactions and involving benefits. Access issues had been identified. There were issues in getting content on to the Council's website, and the technology behind the website was cited as being inappropriate. Work with councillors and the public would be important, and views would be gathered on how to exploit efficiencies, with a customer-centric focus. The website would be redesigned in the interest of users, with up to two-year's-worth of work needed. The contact centre would need to look to adopt technology to improve transaction services, and the end-to-end process, ensuring staff had time with those who needed help. Duplication between the Council and Epping Forest District Council was being reduced, with processes being shared. A Panel member asked whether an app was being planned, with the Director of ICT and Transformation stating that apps often led to increased costs and challenges, but agreeing that there was a need for information by residents which had to be addressed.

A Panel member asked how often the website's design was reviewed, asking for a way to minimise the number of click-throughs to find information. The Director of ICT and Transformation underlined her view that a complete overhaul was necessary, following the Government Digital Service accessibility standards, on a wide range of layout and clarity issues, ensuring appropriate language and reading age.

The Deputy Chief Executive underlined the management team's need to work together to manage overall capacity, ensuring the capacity to deliver services. The proposed governance model was shown, and would be inclusive.

The Chief Operating Officer provided an overview of the communications strategy, with an integrated communications plan, covering internal and external communications and including councillors, residents, partners and stakeholders. Engagement would be carried out, including via resident panels and in conjunction with local media.

RECOMMENDED to CABINET that Cabinet commissions and receives a report on the impact on reserves that the Fit For the Future Programme is expected to have, and what reserves would be available to cover possible future deficit spending.

RESOLVED that SCRUTINY PANEL receives a report on the impact on reserves that the Fit For the Future Programme is expected to have, and what reserves would be available to cover possible future deficit spending.