

SCRUTINY PANEL

1 June 2020

Present: - Councillor Davies (Chairman), Councillor Bentley, Councillor Bourne, Councillor Dundas, Councillor Hayter, Councillor Hogg,

Substitutions: - None.

Also present: - Councillor Cory, Councillor King, Councillor Scordis, Councillor Warnes, Councillor J. Young

257. Appointment of Chairman

RESOLVED that Councillor Beverly Davies be appointed Chairman for the ensuing Municipal Year.

258. Appointment of Deputy Chairman

RESOLVED that Councillor Kevin Bentley be appointed Deputy Chairman for the ensuing Municipal Year.

259. Minutes of Previous meetings

RESOLVED that the minutes of the meetings held on 28 January 2020 and 5 February 2020 be confirmed as a correct record.

260. Decisions taken under special urgency provisions

The Chairman drew attention to the two decisions listed in the report for item 12 on this agenda and notified the Panel of a further decision taken under special urgency provisions, relating to the validation and disbursement of Government Discretionary Business Grants.

261. Council response to Coronavirus (COVID-19)

Councillors Bentley, Dundas and Hogg (by reason of running companies in receipt of government grants administered by the Council) declared pecuniary interests in the following item pursuant to the provisions of Meetings General Procedure Rule 7 (5).

Councillors Bourne and Davies (by reason of being trustees of charities in receipt of rate relief) declared pecuniary interests in the following item pursuant to the provisions of Meetings General Procedure Rule 7 (5).

Confirmation had been given by the Monitoring Officer that the aforementioned interests, whilst pecuniary, did not prevent the Councillors in question from participating in this item.

Councillor Mark Cory, Leader of the Council, introduce the report on the Council's response to the Covid-19 situation. The Council had responded to ensure provision of vital services in the safest possible way. Key focus had been given to the organisation, to business and to housing.

Organisational change involved swift adaption, from a swift move to home working (coming into effect on 16 March), surveying of staff members and heavy reliance on the digitalisation and move to cloud working undertaken by the Council. Necessary hardware and software had been introduced to allow customer services officers to work from home.

Extra cleaning had been in effect prior to lockdown, and where services had then been closed or reduced, staff were redeployed, where possible, to vital services. A clear Red/Amber/Green system had been introduced for use on social media to show the status of each service. Councillor Cory thanked the Council's staff and councillors, detailing cross-party work carried out with group leaders to bring in furlough where services were closed.

It was estimated that over 98% of companies eligible for rate relief had been guided to access this. A discretionary 5% extra funds available had been used to support employers which had not been eligible for funding disbursed in the first round of grant distribution. £30m of government support had been disbursed via the Council. It was also confirmed that the Council had provided a £9,000 grant to Colbea to assist their work in supporting local small business incubation.

Work on housing had been carried out by the Council and Colchester Borough Homes (CBH), with an additional 32 homeless individuals housed. CBH CEO, Gareth Mitchell, had worked closely with Cabinet on this and CBH had maintained proactive contact with its vulnerable residents.

The Council had worked with Police and community partners within the One Colchester Partnership as an example of strong partnership working, helping thousands of people. The NHS, Police, cultural, charitable and local government bodies have come together, co-ordinated by the Council and Community360. Councillor Cory thanked the work of the partners and Community360 and stressed his pride in the partnership and cross-party working.

Adrian Pritchard, Chief Executive, summarised the situation facing families, communities, local businesses and the Council. Government directions had been followed closely and each area of the Council's focus had been taken on by a member of the Executive Management Team. A number of decisions had been made by the Chief Executive under emergency powers, however he welcomed a return to the normal conducting of formal governance processes.

The Chief Executive echoed Councillor Cory's praise of the partnership approach across organisations, firms and the Council, and gave examples of such work.

A Panel member praised the responses seen from Council officers and members of the public. A request was made for a full decision log to be published, giving details of decisions, who took them, when and why they were necessary.

The Council's approach to waste collection was noted and a question asked as to why a different approach had been taken compared to some other neighbouring local authorities. In response, The Leader elaborated on the explanation that had been given by the Portfolio Holder for Waste, Environment and Transportation and the Assistant Director (Environment) and provided to councillors. The temporary suspension of recycling collections had been introduced as a safety measure to avoid having three officers within one vehicle cab and to avoid spreading the virus. The government's guidance had been discussed with other local authorities and, in Colchester, it had been decided that the safety issues, combined with a significant loss of staff to shielding/self-isolation, necessitated the reduction of recycling collections, and a temporary pausing of the collection of garden waste. It was noted that the County Council had also closed waste centres as a safety measure. The Leader noted that other authorities may have chosen a different balancing between meeting targets and increasing safety measures.

Black bag waste collections had been maintained, and the Council had conducted communications efforts to notify residents of arrangements and of re-introduction of services. Dan Gascoyne, Chief Operating Officer, offered a written response to give additional detail, if this was desired. The Council had been an early adopter of measures such as staggered working times and other safety actions in a sustainable fashion, ensuring waste round completions and operations in line with best practice.

It was queried as to why the report did not state that recycling services had been completely suspended between 24 March and 14 April. The reasons for disruptions to the service (e.g. 57 officers (47% of the workforce) shielding or on sick leave and safety concerns) were accepted, but it was requested that the report make clear that there had been a suspension of service. The Leader noted that this was touched upon but agreed that it would help for more detail to be given. It was noted that the dates of suspension were provided in the appendix to the report, but not in the report itself.

It was questioned whether councillors and officers felt that partnerships have strengthened and whether partner organisations had risen to challenges. It was asked whether new initiatives could be identified and introduced for each phase of the Council's response. It was explained that Pam Donnelly, Strategic Director of Customer and Relationships, had built on deep foundations of existing partnerships to further strengthen them and progress recovery operations. Connections via the Town Deal Board and One Colchester Partnership had been key in reacting to Covid-19, supporting employers and maintaining the promotion of local business.

The cross-party working with all party groups was roundly praised as having been effective and successful. The new leaders of the Conservative and Highwoods Independent groups had been included in briefings and discussions, as well as helping to scrutinise decision making. Councillor Paul Dundas, Conservative Group Leader, explained that the discussions held had been very informative, provided additional information and allowed for real debate to be held.

The work of Community 360 and the circulation of information to councillors was praised. The Council's signposting of advice to businesses was picked out by one

member and extolled as being better than the advice provided by central government. The scrutiny provided to emergency decision making was noted as being important to ensure good governance. Praise was also given to the Council Team which administered business rates and grants. Recipients of grants included charities and other not-for-profit organisations including village halls, play groups and community groups. Whilst much had worked well, the Panel noted that it would be important to look back and identify where measures were less successful and how these could be improved.

The swift adaption of Council services was praised, as were the efforts by Cabinet and officers to keep councillors apprised of developments, changes, advice and general information.

Regarding the housing of homeless people, a Panel member asked if the greater-than-expected number housed indicated that there was a hidden problem of homelessness, including those who were not street homeless, but may be 'sofa surfing' or staying with friends or family on a short-term basis. It was also asked whether the recent provision of additional emergency accommodation could generate learning points to help the Council and CBH to build on their ongoing efforts to house those without accommodation. The Leader underlined the national issues of homelessness, the need to support those with mental health needs and the need to increase housing supply. Short term opportunities, such as the temporary use of Elfreda House as emergency accommodation, would need to be replaced with longer-term capacity. Government was giving a more supportive line on assisting with plans to do this and it was stressed that a key part of the solution would be to increase the stock of Council-owned, affordable rental housing.

Councillor Adam Fox, Portfolio Holder for Housing, gave an overview of the work carried out to provide additional emergency accommodation and to tackle 'hidden' homelessness, which was often difficult to identify. Concern over isolation and the short-term nature of where some 'hidden' homeless individuals were finding shelter had led to a higher-than-expected demand. Government had indicated a realisation of the level of support needed by local authorities to finance the supply of housing and support services, with recent announcements on plans to provide support. The Council had been well supported by Government grant funding over recent years.

Regarding the emergency decision-making powers and governance arrangements engaged during the Covid-19 crisis, a request was made for a full explanation to be included in the report. The Leader agreed that it was vital to be clear as to how decision making had been carried out. The Chief Executive noted that the briefing on the emergency powers and governance which had been sent to all councillors could be reflected and reproduced in this report, along with a clarified list of decisions taken, as requested by the Panel.

A Panel member asked if there were any concerns about potential challenges as the Council moved into the phase of gradual easing of lockdown restrictions. The Leader gave assurance that a recovery report was to be presented to Cabinet and that this would be available for councillors to scrutinise. There was concern at the potential speed of lockdown easing, and the risks attached to this. The Council was looking to reopen, and help firms reopen, in line with government guidance and advice.

It was hoped that new approaches and ways of working developed in recent months could be carried on in the future, where this would be beneficial. The Leader informed the Panel that he would be discussing transport and travel approaches with Group Leaders and Councillor Kevin Bentley, County Council Cabinet Member for Infrastructure, at a meeting the following day.

Councillor David King, Portfolio Holder for Business and Resources, provided information on staff absence and safety measures. An absence rate of up to 9% had been recorded, including Covid-19 absences. No members of staff were currently absent due to suspected or confirmed contraction of Covid-19. 64 members of staff had notified the Council that they had self-isolated and around 80 officers were currently absent from work, having reduced over time. Staff have shown a commitment to providing services and many with non-serious ailments have kept working from home where possible.

Regarding Town Centre safety, much work had been done by the Council and businesses to allow for the delivery of a safe shopping environment. Confidence in the safe resumption of business is recognised as being vital.

In response to concerns raised about the possibility that the 15 July 2020 Full Council meeting would be a quorate meeting, rather than for all councillors to attend, the Chief Executive gave assurance that this had been a fall-back option if necessary, but that the provisions made for online meetings meant that it was expected that all councillors would attend Full Council as normal, albeit attending remotely.

RECOMMENDED to CABINET that:

- (a) A full decision log be published, showing all decisions taken under emergency powers and detailing who took them and why they were necessary.
- (b) Content be added to 5.10 of the Cabinet report 'Council response to Coronavirus (COVID-19)' to clarify that some recycling collections had been suspended for a period, giving the dates between which collections were suspended, and explaining that this was due to a combination of Government requirements to socially distance,, and due to a significant percentage of staff having been required to shield or self-isolate.
- (c) Details of the Council's emergency powers provisions be appended to the Cabinet report 'Council response to Coronavirus (COVID-19)'

RESOLVED that the Panel expressed its thanks to all staff for their work to cope with the effects of Covid-19.

262. Budget Changes 2020-21 and Budget Strategy 2021-22

Councillor Lewis Barber attended and, with the Chairman's permission, addressed the Panel. Councillor Barber requested clarity relating to the shareholder agreement for the North Essex Garden Communities (NEGC) Ltd and the process going

forward. Councillor Barber expressed the view that the Conservative Group on the Council was in favour of winding up the company, following the recent letter from the Planning Inspector.

Councillor Barber posited that the shareholder agreement was opaque and that it would be beneficial for a summary to be produced and an explanation of what the Council can do in the future regarding decision making, and the implications of the decision not to approve the £350k funding request made in the previous year [2019]. Councillor Barber queried what the implications and liabilities would be relating to the shareholder agreement.

Councillor King, Portfolio Holder for Business and Resources, explained that the partner local authorities, alongside central government, had taken the approach they did to meet the legal duty of co-operation between neighbouring authorities to meet housing needs. They had formed the joint approach, as detailed in the shareholder agreement. It was conceded that it was possible that this could have been better signposted and explained to councillors, but that the joint working would continue until such time as the agreement may be dissolved. The Portfolio Holder offered to circulate an explanation to councillors.

Next steps would involve consultations and decisions being taken to make modifications to the local plan. It would be possible to continue with a single garden community, as recommended by the Planning Inspector, and to continue to work with neighbouring local authorities, albeit in different ways. The Portfolio Holder confirmed that NEGC Ltd would need to address any changes in the respective local plans and explain how it was meeting these changes. All partner authorities would need to then agree to the proposed changes and the re-costing, with the Council liable for an eighth of the overall cost. It was noted that the cost was small, relative to the overall needs addressed by the NEGC Project.

The Portfolio Holder for Business and Resources presented the report. Scale, judgement and risk were the three key considerations in the early stages of economic and health crises, the pace and depth of which were unprecedented. A huge challenge was faced and cross-party input to the response had been welcomed. The Council's financial planning would continue to evolve, be tested and explained as the situation changed.

Paul Cook, Head of Finance and Section 151 Officer, presented the report, detailing the initial figures and emerging position. It was hoped that the actual situation will be better than feared, however a prudential approach was being taken.

The Council's revenue depends on fee income, and the losses of fee incomes over recent months were highlighted. The forecast income loss for the year 2020/21 was being estimated at £9.392m. Business rate relief and continued payment of the expected rate income would help, as the Council would not need to collect business rates and would so avoid collection costs.

The Head of Finance informed the Panel that the Council had confirmed a government grant of £173k had been received in order to assist the restarting of the High Street/Town Centre. Further possible ways to raise finance through increased

charges were mentioned, and it was possible that the government may revisit the rules governing the setting of Council Tax. The budget assumption which had been made was for the use of £8.350m of reserves in 2020/22 and the new Strategic Priorities and Budget Strategy were being considered for any revisions to reflect the evolving situation.

The Panel sought clarity as to whether the projected loss of £9.392m in 2020/21 included the increase in costs experienced by the Council. The Head of Finance explained that the additional costs were forecast at around £500k for 2020/21, and that he could provide a breakdown of this figure if members required this.

A Panel member noted that the drop in the collection rate for Council Tax had so far only been around 5% but that it was likely to deteriorate in coming months, in the light of likely job losses across the economy. It was queried whether the Council had carried out a worst-case scenario exercise and for how long the Council's leisure and cultural services could survive without income. The Portfolio Holder for Business and Resources explained that each service was being examined, that it would take over a year to fully return to service provision and that the Council was looking at ways to continue to provide services in an affordable fashion.

The Head of Finance described work being done by the Essex Finance Officers' Association to look at financial impacts and effects. It was impossible to judge the long term based on the first few months of the current crisis. Income actuals were being monitored and the forecast for each service was slightly different from its profile. The uncertainty in the future was underlined by the Portfolio Holder for Business and Resources, and Dan Gascoyne, Chief Operating Officer, described the scenario modelling which had been carried out, on a range of scenarios from good to very challenging. The figures presented were those for the scenario thought to be most likely and were continually being updated as government action and directives are brought in. Some of the main income streams for the Council were detailed. It was queried as to whether the Panel could pre-scrutinise disaster recovery and scenario planning work.

Officers were asked whether the Council was experiencing any positives or negatives in comparison to other local authorities, and whether thought had been given to a redesign of service provision to allow for co-production of services by the Council, councillors, partner organisations and the public. The Portfolio Holder for Business and Resources and the Chief Operating Officer explained that this was desirable but that this was being done carefully, in partnerships such as the Town Deal Board. Experience showed strong partnership working in Colchester and that the recovery work and re-shaping of service provision would draw on this.

The Panel explored the economic principles at play, including price elasticity of services provided, and queried what services and schemes may need to be cut within the year, and what projects may expect to be cut in the future due to a drop in New Homes Bonus money. The Chief Operating Officer confirmed that no projects had been suspended or cancelled, but it was cautioned that there would be less funding available for project work in the future, and that this would reduce the amount of such work that would be possible. It was noted that there were some projects ready to deliver which may attract increased investment.

Panel members requested detail on the cash flow situation at the Council's wholly-owned companies and on expected parking revenue. It was queried whether inflationary pressures were likely to affect the Council.

The Panel queried the information provided about NEGC Ltd and requested clarification regarding the recommended release of the withheld £350k contribution from the Council to the funding of NEGC Ltd and the reasons for this, including the need to ensure goodwill between partner authorities.

The Portfolio Holder for Business and Resources recommended providing figures on parking income at a future meeting of the Panel and acknowledged the need to test medium-term aspirations and priorities. Regarding NEGC Ltd, it was explained that the recommended contribution was to pay the Council's share and to be fair to its partner authorities, with the Council acting as banker for the project. The Chief Operating Officer assured the Panel that a recovery report was to be presented to Cabinet and that this would then be brought to the Panel.

In response to questions about whether extra government support was likely, the Portfolio Holder for Business and Resources paid tribute to actions already taken by government but accepted that there was a limit to what additional help could be expected. Not all additional costs on the Council would be covered by government funds. The Chief Operating Officer explained that it was not expected that there would be any significant increase in government grants to meet ongoing costs. Funding already received by the Council included £76k from the first tranche of £1.6bn, and £2m from the second tranche. An additional £174k has been made available to spend on work to restart the Town centre. No local authority would receive full recompense for lost income, and it was expected that around 20% of the Council's lost income would be covered. The Panel stressed the need to communicate any potential reductions in service that may be necessary in light of lost income.

It was asked how reliant the scenario planning was on Bank of England forecasts. It explained that a gradual recovery curve was expected and that there was confidence in the local economy of the South East compared to elsewhere.

The Chief Operating Officer took questions regarding consultation with trade union representatives, explaining that all changed to service provision had been and would be taken in consultation with the trade unions.

The use of reserves was explained. This would give the Council time to look at its 16 main income streams and the scale of recovery work needed. It would still be possible to address future calls on reserves to address distinct needs or further support services.

RECOMMENDED to CABINET that:

- (a) Paragraph 2.5 of the Cabinet report 'Covid-19 budget changes 2020/21 and budget strategy 2021/22' be amended, to delete the words 'to enable the recovery of Colchester Council's costs.'

- (b) Current Paragraph 12.3 of the Cabinet report 'Covid-19 budget changes 2020/21 and budget strategy 2021/22' be replaced with 'Release of the contribution will enable the financial position to be put in good order ahead of determining the future action.'

RESOLVED that the Council's financial scenario planning and recovery operations related to Covid-19 be brought to a future Scrutiny Panel meeting.

263. Work Programme.

It was noted that the Scrutiny Panel would meet on 9 June to consider how to redraw the original draft programme to better reflect the need to hold meetings online, and the need to therefore concentrate on a smaller number of topics at each meeting. It was suggested that an additional meeting of the Crime and Disorder Committee could be held to detail the responses to the Covid-19 situation.

A Panel member noted that there had once been a financial scrutiny panel within the Council, and that this might be one way to best continue to scrutinise financial matters.

RESOLVED that the Work Programme for 2020/21 be noted and approved.