

SCRUTINY PANEL

29 JANUARY 2019

Present: - Councillor Davies (Chairman), Councillor Bentley, Councillor Coleman, Councillor Hayter, Councillor Luxford Vaughan, Councillor Scordis

Substitutions Councillor Willetts for Councillor Wood

Also present:- Councillor Bourne, Councillor Goss, Councillor King

197. Minutes

The Chair asked that the minutes of the meeting on 11 December 2018 be checked to ensure the references to the Economic Growth Strategy were fully reflected in the minutes.

198. Waste and Zones Futures Business Case

The Panel considered a report inviting it to consider the proposed service changes, financial savings and investment in front line services following the review of the existing Recycling, Waste and Fleet Service and Community Zones Service. Councillor Goss, Portfolio Holder for Waste, Environment and Transportation, Councillor Bourne, Portfolio Holder for Housing and Communities and Richard Block, Assistant Director for Environment presented the report and attended to assist the Panel.

Councillor Goss explained the background to the report and presented the key proposals of the Business Case. Potential savings and additional income of £748,000 had been identified over the next three years. It was stressed that although a new management structure would be put in place, there would no reduction in frontline staff. The new structure would fully integrate the Parks and Open Spaces team into the zones structure. In addition, as the Cemetery and Crematorium did not fit well into the zones structure, it would be moved in the Communities team, as would some Zones resources allocated for community development and engagement work. Other elements of the Business Case were a greater focus on enforcement, a greater emphasis on the use of technology and a review of the market.

A key element of the Business Case was further investment in the Shrub End Depot and in the capacity of frontline services in order to ensure there was sufficient capacity to cater for the increase in housing growth in the borough. In addition, a new contract for the processing and sale of dry recyclable material was underway. Due to global market conditions there was no longer a demand for plastic film, plastic bags and plastic wrappers and it was proposed that these no longer be collected as recyclable material. Residents would be advised to include them in their black bag waste. An allowance would be included within the 2019/20 budget to allow for the increased costs that could arise from this.

In summary this was a positive review which would deal with capacity issues in the Waste and Zones services. It would increase the capacity of the service, improve the technology available and also introduce better controls on recycling supplies.

In response to a query from a member of the Panel about the possibilities of increasing the use of multi compartment vehicles, it was explained that this was outside the scope of the review, but a number of efficiencies in collection methods had been identified as part of the review. These issues had been looked at in detail in the review of waste and recycling collection in 2017. It was also confirmed that issues relating to the provision of wheeled bins was outside the scope of this review.

It was suggested that it would be beneficial for ward councillors and parish councils to receive better information about the work of the zones teams to ensure better co-ordination and that processes needed to be put in place to raise the visibility of their work. Councillor Goss responded that there was an efficient internal workflow system in place to ensure that tasks allocated to the zones teams were completed efficiently. Rotas for the Zones teams were made available to parish councils to help avoid duplication. Ward councillors should build effective relationships with their Zones teams and communicate regularly with them to ensure that they were aware of the work they were undertaking. However, work was underway to create an online portal for members to report issues and to improve communication between ward councillors and the Zones teams. Concern was also expressed by a member of the Panel about the consistency of the approach to enforcement by the Zones teams, particularly in respect of items belonging to street homeless individuals. Councillor Bourne and Councillor Goss responded and explained that they believed the Zones teams approached this issue fairly and sensitively.

In respect of the proposed changes to collections of plastic film, bags and wrappers, concern was expressed by a member of the Panel about the resulting increase in waste to landfill. This proposal was counter to the view expressed by Council in the motion on plastic packaging approved by Council in December 2017. Commercial waste and recycling companies were still collecting such products. In addition, the market for recyclables was fluid and could change quickly. Further information was sought about how these changes would be communicated to residents.

In response, Councillor Goss stressed that that this decision was market led. There was no commercial demand for the material. The Council had recently held a market engagement day in advance of tendering for the new contract and this had been the universal view of the suppliers. Even if the material was collected, it would not be recycled, as the recycling companies would remove it when sorting. The key was to pressure the manufacturers and supermarkets from using such materials. In terms of engaging with residents, information would be provided through the recycling calendar. Traditional media and social media channels would also be used, and councillors, including parish councillors, would also play a role in disseminating key messages.

A member of the Panel sought information about the additional cost of this change to collection methods. In response, Richard Block explained that this was not clear, as the cost would be included in the new waste collection contract, which had not been let. However, it was anticipated that costs would reduce, as there would be less contamination of recyclable material, and the costs that resulted from this contamination would no longer be built into the contract.

The Panel also explored what tonnage increase in waste and recyclables was anticipated from the increase in housing growth, in order to justify the acquisition of a further vehicle and crew. This would be provided to the Panel, but it needed to be borne in mind that other factors also had to be taken into consideration, such as the collection run times. It was also stressed that the service was also looking to increase opportunities for recycling, and was looking into collection points for bottle bricks and recycling points for crisp packets.

The Panel also explored some of the staffing issues arising out of the review. It was confirmed that there would be no reduction in frontline staff. There would be a reorganisation of the management structure, and four current management posts would not be included in the new structure. In terms of the transfer of the community development and engagement work. It was estimated that across the borough this amounted to two full time equivalents. This resource would be transferred into the Communities team which would provide a dedicated resource and help ensure a consistent borough wide approach that would be better integrated with the work of the wider Community Enabling team.

RESOLVED that:-

- (a) The contents of the Waste and Zones Futures Business Case be noted;
- (b) The financial savings and the investment in frontline services proposed in the service were scrutinised;
- (c) Further information be provided to the Panel about the tonnage increase in waste and recyclables that was anticipated from the increase in housing growth.

199. 2019-20 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast, Housing Revenue Account Estimates 2019-20 and Housing Investment Programme 2019-20

The Panel considered a report inviting it to review and comment on the 2019-20 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast, Housing Revenue Account Estimates 2019-20 and Housing Investment Programme 2019-20. Councillor David King, Portfolio Holder for Resources, and Sean Plummer, Strategic Finance Manager, attended to assist the Panel.

Councillor King provided the Panel with a brief summary of the report. He highlighted the need for financial prudence and the need to budget conservatively. It was important the budget provided investment in Council services to meet the needs of residents. In the context of reducing government funding, it became more difficult each year to present a balanced budget. An increase in council tax was proposed. It was appreciated that this was an additional charge on residents but the Local Council Tax Support Scheme was in place to protect the vulnerable and those on low incomes. He also highlighted the Capital Strategy and the Medium Term Financial Forecast, which demonstrated the need for continued careful financial management in order to close the identified budget gap in future years.

Sean Plummer provided further detail on the revenue budget. He highlighted that the Council would no longer receive any Revenue Support Grant from central government. Whilst in its place the Council would be able to retain a share of business rates, this was a significant change in the way the Council was funded. He drew attention to the significant cost pressures at Appendix C, which had been identified and built into the budget. These were balanced by the savings and incomes identified at Appendix D. Many of these projects had been considered by the Scrutiny Panel in the course of the municipal year, such as the series of Futures Reviews. The increase in council tax and in the tax base would also make a significant contribution to the budget, although it needed to be borne in mind that an increase in the tax base brought an increasing demand for services. There had been a small reduction in the amount of New Homes Bonus received, despite significant housing growth, due to changes in the scheme. Nevertheless, it remained an important funding stream. It was proposed that balances be maintained at more than the recommended level, in view of potential changes in funding, such as future changes to the way New Homes Bonus was calculated.

The Panel expressed its thanks for a very clear report. In terms of business rate retention, clarification was sought on the level of confidence in the projected surplus. Sean Plummer explained that Colchester had done well from the business rate retention scheme since it had been introduced. However, government was proposing to reset the scheme and amend the baseline. There was considerable uncertainty about the impact of this, and it was less easy to predict than grant based funding. A member of the Panel queried action was being taken to increase the number of medium and large businesses, in order to maximise business rate income. It was explained that this would be addressed in the forthcoming Economic Growth Strategy.

A member of the Panel noted the allocation of £450,000 to Local Plan work and queried how much of this would be used to fund North Essex Garden Communities Ltd (NEGC). In view of the current position on Local Plan further funding of NEGC was unnecessary and raised fears of pre-determination. Councillor King explained that this allocation would ensure that any future work that was necessary would be of sufficient quality to provide certainty and enable the necessary decisions to be taken. It was based on a view of possibilities and what might need to be done, and not based on pre-determined outcomes.

It was the view of the Panel that the report was of good quality and covered the necessary issues in detail. Some concern was expressed by a member of the Panel about the inclusion of some political “spin”, but that this was within acceptable limits. It was considered that the report provided a good basis for political arguments on the proposals at Cabinet and Full Council. Councillor King responded and explained that whilst the report did reflect the administration’s views, it was not politically biased. For example the information about central government funding was objective and factually correct.

RESOLVED that the Panel reviewed and commented on the 2019/20 General Fund Revenue Budget, Capital Programme, Medium Term Financial Forecast, Housing Revenue Account Estimates 2019/20 and Housing Investment Programme 2019/20.

200. Treasury Management Strategy 2019-20

The Panel received a report reviewing the 2019/20 Treasury Management Strategy Statement and associated Prudential Indicators, Minimum Revenue Provision Policy Statement and Annual Investment Strategy prior to their referral to Cabinet. Councillor David King, Portfolio Holder for Resources, and Margaret Donaldson, Interim Finance Manager (Technical) attended to assist the Panel and presented the report to the Panel. The key elements of the Strategy were highlighted, and attention was drawn to the changes to the Investment Strategy at paragraph 5.3 of the report.

In discussion, members of the Panel sought further information as to whether the Council had undertaken any sensitivity testing of the impact on the banking limits should Brexit have a major impact on the UK banking system, or was the Council relying on government advice at the appropriate time. Margaret Donaldson explained that the Council took advice from its Treasury Management advisors, who advised that the Council could still invest in the UK and that it could minimise risk through short term investments. In terms of borrowing, the Council mainly borrowed from the Public Loans Work Board, and only had one commercial loan.

The Panel considered that it would be of benefit for the Panel to receive training in treasury management. This would help it perform effective scrutiny of the Treasury Management Strategy. Sean Plummer, Strategic Finance Manager, explained that this could be provided through the Council's treasury management advisors. It would be important to ensure that this was not too detailed and pitched at an appropriate level to ensure members had the necessary background and knowledge to perform their role effectively. There would also be some benefit in providing this training alongside senior officers.

RESOLVED that: -

(a) The Panel reviewed the 2019/20 Treasury Management Strategy Statement and associated Prudential Indicators, Minimum Revenue Provision Policy Statement and Annual Investment Strategy, prior to its consideration by Cabinet and Full Council.

(b) Arrangements be put in place to provide the Scrutiny Panel with training on treasury management.

201. Corporate Key Performance Indicators 2019-20

The Panel received a report setting out the proposed Corporate Key Performance Indicators (KPIs) for 2019-20. Councillor King, Portfolio Holder for Resources, and Dan Gascoyne, Assistant Director Policy and Corporate, attended to present the report and assist the Panel.

Councillor King explained that the presentation of the KPIs had been improved in order to make trends clearer and he hoped that the Panel found it useful. Of the 19 KPIs, 16 were on target, two were at amber and one was at red. It was proposed to amend two of the targets in order to make them more realistic going forward. This was not unusual: since 2015-16 ten of the targets had been amended and in the majority of cases the target had been made more challenging. The overall picture shown by the KPIs was of high performance.

In discussion, members of the Panel welcomed the improved performance on the targets relating to the collection of waste and recyclable materials and the number of missed collections. A member of the Panel sought clarification on the strategy behind the targets and the balance between a stretching target to improve performance and an unrealistic target that could not be met and which put officers under undue pressure. For example, it was noted that the KPI relating to sickness absence was at red. This had been an issue for many years. The KPI seemed to conflict with the need to make officers strive and despite many initiatives, sustained improvement had not been achieved.

Councillor King accepted that it was a challenging issue but considerable work was going into addressing it. It was important that the Council monitored sickness absence and took appropriate action to reduce it. The Council needed to set the right context and expectations, within which managers could focus on individual cases. This necessitated ensuring that they were given the proper time and resources. The Council did benchmark its figures against other authorities but in doing so needed to ensure it was comparing like with like.

RESOLVED that:

- (a) The proposed Key Performance Indicators for 2019-20 be noted.
- (b) The dates contained in the Reporting Timetable covering 2019-20 be noted.

202. Work Programme 2018-19

The Panel received a report setting out the work programme for the 2018-19 municipal year. The Chair explained that there was also an additional meeting of the Crime and Disorder Committee scheduled for 26 February 2019. As this would be considering a review of the town centre Public Space Protection Order she would not be able to chair this meeting, given her role as a magistrate.

The Panel suggested that an update on the review of bus services be scheduled in the new municipal year.

RESOLVED that the work programme 2018-19 be noted.