

**SCRUTINY COMMITTEE held at COUNCIL OFFICES LONDON ROAD
SAFFRON WALDEN at 7.30 pm on 7 FEBRUARY 2012**

Present: Councillor E Godwin – Chairman.
Councillors G Barker, P Davies, D Morson, E Oliver, J Rich and D Watson.

Also present: Councillor J Ketteridge (Leader) Councillor R Chambers (Portfolio Holder for Finance), Councillor H Rolfe (Portfolio Holder for Communities and Partnerships), Councillors K Mackman and A Walters.

Guest speakers: Temporary Assistant Chief Constable Julia Worley, Superintendent Carl O'Malley, Chief Inspector Alyson Wilson and Chief Inspector Nick Lee.

Officers in attendance: R Auty (Assistant Director Corporate Services), R Dobson (Democratic Services Officer), M Donaldson (Accountancy Manager), R Harborough (Director of Public Services), S Joyce (Assistant Chief Executive – Finance), R Millership (Assistant Director Housing and Environmental Services), M Tokley (Principal Accountant – Budgets) and A Webb (Director of Corporate Services).

SC37

PRESENTATION ON POLICE ESTATE REFORM

Superintendent Carl O'Malley gave a presentation on proposals for reform of the estate owned by Essex Police. The proposals would rationalise the properties, to ensure that operations were supported by the right number of buildings in the right locations. Financial constraints were a primary consideration and the possibilities of entering into partnerships were being explored.

Regarding the proposed closure of police stations, the identification of stations at Hatfield Heath and Stansted had been based on a 'footfall' survey across all stations. The results showed that these two stations were used to only a limited extent. Tough decisions had to be taken regarding finances, therefore closure of stations which were underused was prudent.

Superintendent O'Malley clarified the methodology regarding Stansted police station, which for the purposes of the survey had been opened during the evening.

The Chairman asked about reasons for the very small number of visits made by the public to their police stations. Factors such as variation in opening

hours and the inconvenient situation of certain police station buildings such as that in Stansted, were discussed, and it was noted that reporting of incidents by mobile telephone had increased.

Councillor Rich said Stansted was a large area to be without a police station and that it was reassuring to feel there was a police presence, despite opening hours being very restricted. It was necessary to assure people that if the police station were to be closed, then there would as a consequence be more police available in that area.

Superintendent O'Malley said the footfall at Stansted did not justify annual running costs for that building of £28.5K. The nearest desk would be Great Dunmow. However, police were not usually based in the station and patrol patterns included surrounding areas. The aim was to retain the existing number of officers. Effecting a change of culture regarding expectations about calling in at the local police station was challenging, but it was necessary where buildings were under utilised.

Councillor G Barker asked about suggestions that the Great Dunmow police station was to be expanded.

Temporary Assistant Chief Constable Wortley said the station would accommodate a business centre for back office functions, together with a response hub and a base for the neighbourhood policing team. Following negotiations about accessibility by public transport, unfortunately it had not been possible to site the station on a bus route. However, use of a temporary car park for the station had been agreed.

In response to a question from the Chairman, Chief Inspector Lees said the community police teams for Hatfield Heath and Stansted would be based at Great Dunmow, but that the officers would in fact be deployed out and about in the community.

Members asked questions regarding the impact of increased distances from hubs to patrol areas on response times and regarding the location of the district's custody facilities.

Replies to these questions were given as follows: targets for emergency response times would remain at 20 minutes, and at 30 minutes for non-emergencies. Custody suites were available at Harlow, Braintree and Stansted Airport, and there were no plans to build a central 'Bridewell' facility. The location of the hubs should optimise deployment of police cover for the whole county. However, response times would be monitored after the 'bedding in' period, and after the additional challenge of policing the London Olympics.

Councillor Morson said it would be vital to ensure those who were less able to communicate with the police using modern technology were made aware of the changes and of how they could contact the police in future.

Chief Inspector Wortley said use of landline and mobile telephones was very common these days, and that elderly people could also obtain devices such as necklace call-out alarms to summon help. The introduction of the new 101 number for calling the police would also help for non-emergency matters.

In reply to a question about mobile police stations Chief Inspector Lees said the routes being used were being reviewed.

Members asked about options for people attending police stations to produce documents, particularly if they had to take time off work to do so; and about the difficulty faced by those who had to comply with reporting requirements whilst on bail.

Chief Inspector Wortley said modern databases had minimised the need for production of documents. Regarding attending police stations for bail reporting, it was reasonable to expect people to do so, since following the review of the police estate no resident should be further than 10K from a police hub.

Councillor Rich asked whether the reforms would address efficiencies in policing. He referred to costs of the operation to close the Dale Farm Travellers' site.

Superintendent O' Malley said the primary aim of the rationalisation of police stations was to evaluate capital, rather than revenue costs, and in the case of clearing the travellers' site, even where there were to some extent political issues, the police had no choice in engaging with such operations.

Chief Inspector Wortley said the Police Authority would be setting its budget next month, and intended to find more efficient ways of working, whilst at the same time dealing with considerable operational challenges this year relating to the London Olympics. The police had a primary duty to save life and limb, but also had a duty to reduce spending.

Members asked about the capacity of the district's custody suites in readiness for an anticipated influx of people for the Olympics. There were only two cells at the Airport, and none at Great Dunmow, although it was anticipated a custody suite would be installed during the next 5 years.

There was discussion about the primary role of the police. Chief Inspector Wortley said expectations had changed greatly over time, but she agreed that prevention of crime was a primary aim and that the police would work closely with communities to achieve this aim.

The Chairman thanked the police representatives for attending and asked that the Lead Officer collate any further questions from Members to be forwarded.

SC38 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors I Evans, S Favell and S Howell.

SC39 MINUTES

The Minutes of the meeting held on 6 December 2011 were received and signed as a correct record, subject to amending the minutes to distinguish references to Councillors G and S Barker by including their initials.

SC40 CONSIDERATION OF MATTERS REFERRED IN RELATION TO CALL-IN

There were no matters referred in relation to call-in.

SC41 RESPONSES OF THE EXECUTIVE TO REPORTS OF THE COMMITTEE

There were no matters requiring responses from the Executive.

SC42 2012/13 BUDGET

The Assistant Chief Executive-Finance gave a presentation on the 2012/13 budget. Under the new governance system the Cabinet drew up the budget, and as there was no time for call in by the Scrutiny Committee before the budget was referred to Council, it was good practice for the Scrutiny Committee to review the budget first.

SC43 HOUSING REVENUE ACCOUNT 2012/13 BUDGET AND 30 YEAR BUSINESS PLAN

The Committee considered the Housing Revenue Account 2012/13 budget and 30 year business plan. The Assistant Chief Executive-Finance said the report had been endorsed by the Tenants' Forum and the Housing Board, and he highlighted key points. Regarding the abolition of the housing subsidy which would mean the Council making a one-off payment in March, it was noted that the figure for that payment had now been confirmed as £88.4 million rather than the £88.7 million stated in the report. Members were asked to consider certain discussion points.

Councillor Morson spoke as a Member of the Housing Board. He said the HRA self financing reform, whilst not entirely satisfactory, was more satisfactory than the negative housing subsidy, because the Council would have funding it could use for affordable housing and to improve the quality of existing Council homes. He did not like being forced to take out a loan, but at least some of the money could be used for tenants. He therefore recommended this item of the budget. Regarding the rent increase proposed this was the least worst option.

Councillor Rich agreed with these comments and said it was important to move towards a market rent. Regarding Cannons Mead he endorsed the efforts being made to reduce the capital sum the Council would have to pay.

The Chairman asked whether a debt term of less than 30 years had been considered.

The Assistant Chief Executive-Finance said alternatives had been considered, for example paying off the debt as quickly as possible, but that this would delay new projects until year 18. Tenants and members of the Housing Board had considered 30 years would be an acceptable limit, as they felt it was important to have as much money as possible available in the first five years for new projects.

Councillor G Barker expressed concern asked about the fact that the Council would be tied into a repayment schedule for thirty years, and said if the Government changed the policy on Right To Buy there was no lifeboat.

The Assistant Chief Executive-Finance referred to the low interest rate which was available as a once-only opportunity from the Public Works Loan Board. He said there was a penalty for early repayment of the fixed rate loan, but the portfolio included a variable rate debt for which there was no penalty for paying off early or for rescheduling it to the future.

Councillor Chambers said 30 years was a long time and that the Council had to do what it thought right at the time.

Councillor G Barker said he was prepared to accept the proposals provided the Council could state it had no choice.

Councillor Watson asked how confident officers were that the predicted resource would be available to spend.

The Assistant Chief Executive-Finance said a project of 30 years had to include some guesswork about projections regarding interest rates and inflation. The biggest risk was the reduction of income from Right To Buy sales, and uncertainty over the Government's intentions over 30 years, but as

Minutes of meeting held on 7 February 2012

Scrutiny Committee, 3 April 2012, item 2

the expectation was that the Council's income would increase by higher than inflation, the projection did stack up.

The Committee voted unanimously to

RECOMMEND to Cabinet on 16 February approval of the following, prior to final determination by Full Council on 23 February:

1. The Self Financing Funding Strategy as set out in paragraphs 13-19
2. The HRA Business Plan as summarised in paragraphs 20-29 and attached to the report
3. The HRA budget for 2012/13 as set out in paragraphs 30-32 and Appendix A
4. Increases in rents and service charges for 2012/13 as set out in paragraphs 33-40
5. With effect from 1 April 2012, the ringfencing of HRA capital receipts (such as Right to Buy receipts) for use by the HRA Business Plan.

SC44

TREASURY MANAGEMENT POLICY, STRATEGY AND PRUDENTIAL INDICATORS

Members considered the Treasury Management Policy, Strategy and Prudential Indicators report.

The Chairman said it was hard for Members to accept the move to a borrowing culture in the first year, and in view of the many variables she felt it would be right to use some of the existing balances for reserves.

Councillor Chambers said that this area was one which he and officers monitored very regularly and reported to Cabinet.

The Chairman asked about the money to be recovered from Landsbanki.

Councillor Chambers said 31% of the money would be received in the next few weeks; and that 98% should be recovered over the next 6 to 8 years.

A question was asked about provision of training for Members on interpretation of budgetary reports. The Assistant Chief Executive-Finance said in future this Committee would have a meeting dedicated wholly to the budget. Councillor Chambers said there had been opportunities to attend

Minutes of meeting held on 7 February 2012

Scrutiny Committee, 3 April 2012, item 2

training in the past but take-up was poor. Further training would be organised in advance of next year's budget as part of a combination of measures including reports on outturn which should assist Members in considering budget reports.

The Committee voted unanimously to

RECOMMEND to Cabinet to approve:

- 1 the Treasury Management Policy as set out at Appendix A to the report.
- 2 the Treasury Management Strategy as set out in Appendix B.
- 3 the Prudential Indicators as set out in Appendix B.

SC45 **CAPITAL PROGRAMME 2012/13 – 2016/17**

Members considered the capital programme for 2012/13 to 2016/17. The Assistant Chief Executive-Finance highlighted key points, and Members asked questions about the continuation of the grant programme and spending allocated to ICT projects.

The Committee voted unanimously to

RECOMMEND to Cabinet that the Capital Programme be endorsed.

SC46 **MEDIUM TERM FINANCIAL STRATEGY**

The Committee considered the Medium Term Financial Strategy. The Assistant Chief Executive-Finance said there was unprecedented uncertainty due to the reform of local government finance, and invited Members to consider the assumptions made in the report, the question of whether reserves levels were appropriate, and whether the strategic solutions programme was robust.

Members expressed concern about the impact of reform to Council Tax Benefit.

Councillor Chambers said the fundamental changes to the way in which local government was financed were politically driven, representing a major financial uncertainty for the Council. For this reason, it was important to ensure the Council had sufficient reserves.

The Chairman endorsed these comments, and said the Council should be as prudent as possible in such circumstances.

Councillor G Barker asked about the robustness of comparative councils.

The Leader said meetings of financial directors from Essex authorities took place regularly, and he considered this council to be in a strong position. Certain neighbouring authorities were now using the New Homes Bonus to support their revenue accounts, so by comparison this council was doing well.

The Assistant Chief Executive-Finance said he would be attending a meeting of district council chief financial officers this week. Not every council had a five year plan, and this council's plan was well advanced in terms of the detail it set out. Research could be undertaken regarding comparisons with other councils on levels of reserves, but in his view, subject to the major caveats in the report, he did not foresee this council encountering difficulties.

Councillor Rich said he considered the current reserves to be more adequate than they had been, and he was reassured that this council's position was better than that of some of its neighbours. He said the Council could not plan realistically against national meltdown, but required a plan that it should be 'the last one standing'.

The Committee voted unanimously to

RECOMMEND to endorse the Medium Term Financial Strategy.

SC47

ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

The Assistant Chief Executive-Finance drew Members' attention to the minimum level of unearmarked reserves necessary of £1,214,000 as set out in the report.

The Chairman said she was concerned about risks associated with Housing Benefit, but that given the prevailing uncertainty, she considered it was not possible to put forward better proposals than those in the report. She asked if any further update on Revenues and Benefits service was available, particularly with regard to timing of new arrangements.

Councillor Chambers said discussions were continuing with Harlow Council, and that as soon as there was anything further to report it would be brought to Cabinet.

The Leader said it was likely that implementation of any new proposals for the Revenues and Benefits service would not take place before the autumn, partly due to the change to Universal Credit.

Regarding the risk of penalties for errors in processing benefits claims, the Director of Corporate Services said that there had been 100% accuracy in dealing with 353 claims in January. In response to a question from Councillor

Oliver for this figure to be clarified, he said this represented over 50% of the total claims received in that month.

Councillor Watson asked about any risk assessment of public reaction to increased car parking fees being linked to business rates. The Assistant Chief Executive-Finance said he did not extrapolate the risk to business rates at this stage, as all business rates were handed to the government in full; but in the longer term if income levels did fall, measures to encourage economic development should be pursued.

The Chairman reminded Members that this Committee would review car parking charges.

The Committee voted unanimously to

RECOMMEND to Cabinet to approve the draft Section 25 report, and in particular that Cabinet and Full Council:

1. takes account of the advice in the report when determining the 2012/13 General Fund budget and Council Tax
2. approves the risk assessment relating to the robustness of estimates as detailed in the report.
3. sets the minimum safe contingency level for 2012/13 at £1,214,000
4. agrees that the 2012/13 General Fund budget should include provision to increase the Working Balance up to the minimum safe level (an increase of £33,000).

SC48

GENERAL FUND AND COUNCIL TAX 2012/13

The Committee reviewed the 2012/13 General Fund and Council Tax budget estimates, and Members made the following comments.

The Chairman agreed there should be a Council Tax freeze, having regard particularly to the New Homes Bonus for this year. She asked about the New Homes Bonus amount for next year.

Councillor Chambers tabled a draft report setting proposals he intended to put to Cabinet for use of the 2012/13 allocation of the New Homes Bonus.

Members requested more clarity over the criteria and timetable to be adopted.

In reply to a question from Councillor G Barker the Assistant Chief Executive-Finance gave a brief explanation of the way in which the local government finance settlement for 2012/13 would be paid.

In reply to a question from Councillor Watson, Councillor Chambers said potential further efficiencies were continually reviewed, but that the Council also aimed to continue to deliver a service which reflected its corporate priorities, based on public consultation.

At the request of the Leader the Director of Corporate Services gave a brief explanation about the work of the Strategic Solutions team, which he said had helped identify £1.8 million savings and had been an extremely successful initiative.

Councillor Rich said he endorsed the aims set out in relation to the New Homes Bonus for next year, although there should be defined criteria for its application. He said regarding a potential disincentive arising from increased business rates that he was pleased to see the introduction of proposals to increase enterprise in the district.

The Leader referred Members to the inclusion in the budget of £30,000 for economic development.

The Committee voted unanimously to

RECOMMEND to Cabinet that the draft budget be endorsed and that

- 1 it approve for recommendation to Council the General Fund Council Tax Requirement of £4,972,771, as summarised in paragraph 23 and detailed in Appendices A to C.
- 2 Approve the schedule of fees and charges at Appendix E.
- 3 Approve the proposals for the New Homes Bonus for 2012/13 subject to greater clarification of timing and criteria.

SC49

EXCLUSION OF THE PUBLIC

RESOLVED that, under section 100I of the Local Government Act 1972, the public be excluded for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act.

SC50

INFRASTRUCTURE TO SUPPORT WASTE COLLECTION

Councillor G Barker declared a personal interest in that he was married to Councillor S Barker, the Portfolio Holder for Environment.

The Committee considered a report and a presentation by the Director of Public Services addressing the issue of whether to opt for an in-house solution or to outsource arrangements for infrastructure to support the waste collection service in terms of vehicles, maintenance facilities and depot facilities.

Councillor Morson said that in view of the analysis of the different options, showing that the finances of the two most viable options were not significantly different, he would propose an in-house solution. The reason he considered this solution to be appropriate was that it would fit in with the present government's expectations of local authorities to maximise their management of local resources. On the question of whether the Council should buy its own vehicles he felt this might be a slightly less expensive option than leasing.

The Chairman said she agreed with these comments particularly as the fact that the Council would after taking on debt require the same discipline which would apply to a business. She felt the option of purchasing its own vehicles would give the Council more flexibility.

Councillor Oliver questioned the reason for buying new vehicles. The Director of Public Services said the existing lease arrangements were now coming to an end and that it would be necessary to replace the fleet vehicles anyway. Larger vehicles would be required for the new single-pass system, and the Council would need to invest in the workshop facilities in any event.

Members asked questions about the sites being considered for a new workshop.

In reply to a query from Councillor Oliver, officers said assumptions had been included in the budget for 2012/13 regarding the costs which were being discussed.

Councillor Rich said he supported an in-house solution as there were several benefits to the Council owning a workshop within Uttlesford, including the flexibility to enter into future partnership arrangements.

Councillor G Barker said he too approved of an in-house solution, as it was he felt there were risks to outsourcing, and he considered the apparently favourable terms offered by the contractor might not be realistic. He felt it would not be appropriate to be handcuffed to another council in a joint local authority solution; and that the Council had a social responsibility to try to employ people from within its own district if possible.

In response to further questions, the Director of Public Services said the prospects for the Council running the operation in-house efficiently were very good. An assessment conducted recently by the Health and Safety Executive

Minutes of meeting held on 7 February 2012

Scrutiny Committee, 3 April 2012, item 2

had found parts of the waste collection service to be effectively managed, and other elements were ranked as having potential for good performance, which indicated the Council was already running its service very competently. The service had been found to be exemplary, which was an excellent outcome.

In reply to a question from the Chairman, officers said costs of leasing as against buying the depot would be available before the Cabinet meeting.

Regarding whether vehicles should be bought or leased, Members preferred to endorse buying vehicles as this would give the Council an asset and would avoid certain administrative costs. Members voted on the recommendations, with one abstention.

RECOMMENDED to Cabinet

- 1 that it consider an in house solution rather than the contractor proposal;
- 2 that it consider buying waste collection vehicles rather than leasing them;
- 3 that it invest in a workshop.

The meeting ended at 10.25pm