

SCRUTINY COMMITTEE held at ZOOM, on TUESDAY 2 FEBRUARY 2021 at 7.00 pm

Present: Councillor N Gregory (Chair)
Councillors A Coote, C Criscione, A Dean, R Jones, P Lavelle, G LeCount, G Sell, M Sutton and J De Vries

Officers in Attendance: D French (Chief Executive), R Auty (Assistant Director - Corporate Services), C Edwards (Democratic Services Officer), A Knight (Assistant Director, Resources), A Webb (Director of Finance and Corporate Services)

Also in attendance: Councillor J Evans (Portfolio Holder for Planning and the Local Plan), Councillor N Hargreaves (Portfolio Holder for Finance and Budget) and Councillor N Reeve (Portfolio Holder for the Economy and Investment)

APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies were received from Councillor Driscoll, who was substituted by Councillor Sutton.

MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 19th January 2021 were approved and would be signed by the Chair as a correct record at the next opportunity.

Councillor Dean queried the public speaker section SC34, and specifically the questions raised by Ms Tealby-Watson. He could not see any mention in the minutes of the response given about the issue of the decision notice publication. The Chair said that it was his understanding that Councillor Merifield and Councillor LeCount had undertaken to write a report to be sent to Ms Tealby-Watson. He agreed that this would also be circulated to members.

Councillor Criscione asked that it was noted in minute SC52 that the final report outlining the recommendations of the Task and Finish Group: Planning Obligations would be ready for the Scrutiny Committee meeting in April.

The Chair said that it had been discussed as part of the forward plan for Scrutiny, that Cabinet members and Officers from Essex County Council (ECC) would be invited to future meetings to discuss matters relating to the quality of services being provided. He asked for general consent for Assistant Director - Corporate Services to set this up.

In response to a question from Councillor Dean the Chair said there would be informal meetings to discuss the work programme but invitations would take longer to set up and therefore it was a good idea to initiate.

Councillor Sell suggested that to start the process the four County members from ECC were invited.

Councillor Criscione was not convinced of the value this would bring and what deliverables would be achieved.

The Chair said the majority of contact from residents did relate to County level activities, for example schools, flooding and pot holes. He said there was an obligation to get involved. He asked if Councillors Sell and Criscione could collaborate to ensure that the maximum value from this exercise was achieved.

Councillor Sell said there was a protocol of how issues were referred to County members which would need to be taken into account. He said it was important that the value of this exercise be kept in mind, but if it improved the delivery of County services, it would be worthwhile.

Councillor LeCount agreed that residents often corresponded about pot holes. He suggested that an Officer from the Highways Panel came to the meeting as he agreed it was difficult to contact ECC about local issues.

Councillor Coote joined the meeting at 7:15pm.

Councillor Jones said the Highways panel did have some influence over small projects and road safety issues. Larger projects are still in the remit of ECC Highways. He said any member could come to the meeting to raise issues. He also volunteered to help with the process.

Councillor Sell raised a point of information. He said anyone could attend the Highways Panel meeting to raise issues following the usual protocol.

The meeting was adjourned at 7:17pm to deal with technical issues, the Chief Executive joined the meeting once it had restarted.

CABINET FORWARD PLAN

Councillor Dean said the current forward plan was only until the end of March and asked when it would extend further into the year.

The Chief Executive explained that the meeting schedule for next year was on the agenda of the Council meeting on 23rd February 2021. Once this was agreed the Cabinet Forward Plan would then be populated with items. She said that care also needed to be taken as the pre-election period would begin towards the end of March and therefore, to avoid political advantage, no new policies or items would be brought forward during this time.

Councillor Sell asked for a list of non contentious items to be presented to Committee and then populated with meeting dates in due course.

The Chief Executive said that a list could be produced and made available once the Council meeting had taken place on the 23rd February and the budget approved shortly afterwards.

CORPORATE PLAN REVIEW 2021-2025

The Chair said there was one significant amendment to the Corporate Plan and that the Corporate Plan Delivery Plan would be presented at the next Scrutiny meeting.

Councillor Dean said he thought this plan was the same as last year and had not changed for 13 months. He had sent a number of comments but these had not been taken up and the plan remained the same.

Councillor Reeve said the administration had considered whether to make substantial changes or to execute the plan with only minor changes to provide stability. He highlighted the two major issues of the Covid-19 pandemic and the Local Plan process. It had been agreed that the content still met the aims that were being worked towards and it was important to get this document approved by Council. He said the major changes would come from the Corporate Plan Delivery Plan.

Councillor Sell said he understood the decision but asked if there was evidence of the plan being delivered. He said residents had not been consulted about the budget, and the document stated that residents deserve high standards of governance. He said he was unsure whether this was currently being delivered.

Councillor Reeve reiterated that the Corporate Plan set out the main themes; the execution of said themes would be covered by the Delivery Plan and discussed at the next meeting.

Councillor Hargreaves said the issue of consultation had been raised a number of times; most Councils did not consult on the detail of the budget, apart from those in dire circumstances when hard choices had to be made.

Councillor Criscione thanked Councillor Reeve for pushing this to the agenda and said he would reserve the right to speak at the next meeting when the Delivery Plan was presented. He said there needed to be a general awareness of the use of language, what was committed to and what decisions needed to be made. He gave the example of page 20, 1a and thought the wording 'Use locally led Development Corporations to deliver sustainable new settlements' would annoy residents and questioned the decision to leave it in the document as it did not back up the administrations line that nothing was on or off the table.

Councillor Reeve said no decisions had been made and the direction for the Local Plan had not been decided.

The Chair agreed and said there were other examples throughout the document but was sure that the delivery plan would give more specifics when it would be considered at the next meeting.

MEDIUM TERM FINANCIAL STRATEGY & 21/22 BUDGET

Councillor Hargreaves presented the budget and highlighted a number of alterations that had been made:-

- The text in the 'risk item' section which related to the Local Plan had been updated.
- Annex A1 – Sports Facilities and Climate Change Reserve – on both these items the text had been changed to indicate that if the money was not spent it would be rolled over rather than put back into the general fund.
- MTFS page 63, the text had been added to make clear that 40% of Business Rates income was not retained but was calculated on a tariff basis.
- General Funds Reserves – changes had been made to make it clearer that the opening balance is boosted by Business Rates section 31 grant to fund the additional relief for Business Rates waived due to the crisis This will be paid out in the following year.
- The reserve for the Local Plan wording had been changed and the word 'new' removed with regards to 'sustainable new communities'. Officers had been given the ability to amend various fees.

Councillor Sell thanked officers for their work. He asked the Director, Finance and Corporate Services to give a brief overview of the impact of Covid-19 on the Council's finances.

The Director, Finance and Corporate Services said initially there had been concern and emergency spending had been implemented in the early stages of the pandemic to manage the situation, mainly the cash flow. The government funding provided the money needed and had announced funds for next year to cover losses of income, for example, car parking.

He said the budget had been compiled by taking views on expected income and were the best estimates of the position at this time.

Councillor Sell asked what the effect of Business Rates going from 40% to 75% retention and the removal of the new homes bonus would be on the Council's finances.

Councillor Hargreaves said the 75% retention of Business Rates was included in the Business Rates reform, and these reforms had not taken place. This rolled into the Fair Funding Review which had also been delayed. The Council would not keep the full 75% it would be a proportion. This also applied to the replacement for the new homes bonus, consultation was due to take place later this year.

Councillor Sell said the Town and Parish Councils were the only tier of local government that were not capped.

The Director, Finance and Corporate Services added that the document on page 66 set out the position for future years excluding the new homes bonus and using a lower income figure for Business Rates retention.

The Chief Executive lost connection and left the meeting at 7:50pm.

Councillor Dean said the Commercial Strategy on page 42 and the section on risks raised the on going issue of the accounts not being signed off due to a governance issue and the external investigation. He said the Council was continuing to borrow money and had a £300m liability. He asked if all the lenders had been made aware of the current position and said it was important to be transparent. He sought assurance that the Council was still credit worthy.

The Director, Finance and Corporate Services said that current borrowing was from other Local Authorities and all parties carried out their own due diligence. He was satisfied that there was not a problem. He said Local Authorities could not go out of business and the last resort would be the Government.

Councillor Hargreaves added that there was nothing wrong with the financial side of the accounts. The borrowing and lending was between partners in the same sector and due diligence was carried out on both sides.

In response to a supplementary question from Councillor Dean the Director, Finance and Corporate Services said other past borrowing included a loan from a pension fund to purchase the Chesterford Retail Park over a 40 year term. The current cost of borrowing means that Local Authority borrowing is the best option and keeps the money in the Local Authority market.

Councillor Criscione raised and Councillor Hargreaves answered the following questions:-

- Was the money for garden communities conditioned and would it need to be paid back?
 - Councillor Hargreaves said it could be retained and used for the Local Plan.

- Could further investments stop an increase in Council Tax?
 - Councillor Hargreaves said Council Tax was a reliable source of income and was risk free, and the Council had a high collection rate. Commercial investments were not risk free, although the risks were mitigated and provisions were made against investments. He said he thought it was important that residents contribute through taxation to appreciate the benefits of the services they were receiving.
 - The Director of Finance and Corporate Services added that the Government was not keen on commercial investment and definitely not for yield. Investments were made to underpin core services

and the challenge within the MTFS was to avoid cutting services. The limit as set out in the Investment Strategy had currently been reached.

- Was the £1.66m Stansted Strategic Initiative Fund enough and how was it split between funds for the Local Plan and costs?
 - Councillor Hargreaves said the fund would cover the strategic costs related to the airport and anything left over would be used for the Local Plan.

Councillor Sell agreed that there was a high rate of Council Tax collection. He was concerned about enquiries from residents who had problems paying their Council Tax.

The Director of Finance and Corporate Services said Council Tax was paid over a 10 month period, usually from April to January. The decision was made at the beginning of this year to allow people to miss the first 2 months and therefore start the 10 month period from June. He said whilst collection rates were down slightly the collection rate remained in a good position. The Council would continue to help people who were struggling.

Councillor LeCount was optimistic of the result of the Stansted appeal.

Councillor Hargreaves went through the pre submitted questions – one of the questions asked if the Council was maximising the revenue from charges where appropriate. He said that charges for statutory services, such as Licensing and Environmental Health, had no effect on the accounts as the charge just covered the costs. For the Planning department, the charges were set by statute, and all matters related to listed buildings were charged at no cost. He said that car parking charges could be put up but now was not the right time, although the charges should be reviewed in due course.

The Chair said car parking was important, but raised the point that car owners got a very good deal and there were not so many options for people without a car who relied on public transport.

The Chair asked at what stage the £513k EU exit reserve would be written back to the general fund?

The Director of Finance and Corporate Services said the fund was set up to offset costs because the Council was a port authority. The next 12 months would determine how the fund was used and it would then be reduced in 2022/23. He expected it would not be required in 2023/24.

The Chair said he was concerned about the Climate Change Fund which had been discussed at the last Scrutiny meeting. He did not think there were appropriate objectives, performance indicators or success measures in place. He did not think the money should be released before it was known how it would be spent and efficiently allocated.

Councillor Hargreaves said the £1m would be taken in three tranches. The general guidelines had been set and the budget allocated. It was then usual practice to delegate the spending of it.

The Chair clarified he was not asking for specifics now but, before the money was released, he wanted to know how it would be measured and the effectiveness and efficiency assessed.

Councillor Hargreaves said there would be an external review to assess how the best carbon reduction could be achieved. The Chair asked for the review to be brought to a future meeting.

Councillor Coote said Councillor Pepper was awaiting a new officer to join the team, who would help to achieve these objectives, they would have an input into the process and how the budget was spent.

Councillor Reeve said the strategy document needed to be approved by the Council and the action plan then derived from this document and brought to a future meeting by Councillor Pepper.

Councillor Criscione said the Economic Development Plan had been thoroughly costed by Councillor Reeve and had set a high benchmark. He said it was not just about spending the money but to ensure it was justified.

The Chair highlighted page 129, Annexe H2 which related to increased planning costs. There were a number of increases which overall produced a considerable net increase in resource. He asked what the Council would get for that, how it would be measured in terms of the quality of services delivered and the day to day running of the department.

Councillor Evans said the figures had been moderated and were currently headline numbers without the detail. There was a review of the department underway by the Peer Review Group and the report and recommendations for a better solution were awaited. The Service Level and improvement of the Planning department was within the manifesto and something that the administration remained committed to.

The Chair asked if there would be a costed plan with objectives and success indicators that would be presented to this Committee or Cabinet.

Councillor Evans said there were Key Performance Indicators for Development Management and Enforcement but that the main Planning Policy was a separate and on going exercise.

Councillor Hargreaves said he thought there needed to be more clarity in the presentation of the Planning budget. He would like it to be separated out into "business as usual" and the Local Plan process. He also thought a definition of each strand would be helpful. The allocation of staff costs would need to be shown across many different aspects of the budget.

Councillor LeCount said he looked forward to the Peer Review Group report and welcomed the chance to input into the process further as he had worked closely with the late Councillor Storah regarding the structure of Planning.

Councillor Coote said the budget contained large numbers and he wanted to know how the money would be spent to ensure that improvements to the Planning department were achieved. He and others had been elected on the basis of improving the planning process at the Council.

Further to a question from the Chair, Councillor Evans said the LGA report was awaiting further input from Councillors and officers. Some estimates had already been received, and he said it was important to recruit at the right level to provide the service with Senior Planning Officers as well as technical and systems support. He agreed that the money must be well spent.

Councillor Criscione referred to page 135 and the Planning fee, he said more Planning Performance Agreements (PPA) should be put in place as they were a source of income.

Councillor Evans said there were currently 14 PPA's agreed or being working on and the revenue and people commitment would be included in the Peer Review Group work but was not guaranteed as an income stream.

The Director of Finance and Corporate Services said a profit could not be made from the PPA but it could be used to increase headcount and therefore free up other resources. He said funds of £240K had already been set aside for 2021/22 to go towards service improvements within the Planning department. Other income sources would be looked at to provide extra resource, software and any other equipment to make the service improvements necessary.

The Chair said he thought the Committee's discussion had been in depth and had probed the administration. He thanked members and said that Officers had produced a superb piece of work in difficult times.

He proposed that the Committee forward the budget to Cabinet subject to the comments raised. Councillor Coote seconded. There was no dissent.

The meeting ended at 8.57pm.