

**SCRUTINY COMMITTEE held at COUNCIL CHAMBER - COUNCIL OFFICES,
LONDON ROAD, SAFFRON WALDEN, CB11 4ER, on TUESDAY, 31
JANUARY 2023 at 7.00 pm**

Present: Councillor N Gregory (Chair)
Councillors C Criscione, G Driscoll, V Isham, R Jones,
G LeCount, S Luck, G Sell and J De Vries

Officers in attendance: R Auty (Assistant Director - Corporate Services), C Edwards (Democratic Services Officer), J Etherington (Assistant Director of Finance), D Hermitage (Director of Planning), P Holt (Chief Executive) and A Webb (Director - Finance and Corporate Services)

Also in attendance: Councillors J Evans (Portfolio Holder for Planning, Stansted Airport, Infrastructure Strategy and the Local Plan), N Hargreaves (Portfolio Holder for Finance and Budget) and N Reeve (Portfolio Holder for the Economy, Investment and Corporate Strategy).

SC44 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies for absence or declarations of interest.

SC45 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 22nd September 2022 were approved as an accurate record.

SC46 CABINET FORWARD PLAN

The Cabinet Forward Plan was noted.

SC47 SCRUTINY WORK PROGRAMME

The Scrutiny Work Programme was noted.

SC48 UPDATE OF PLANNING REVIEW

The Portfolio Holder for Planning, Stansted Airport, Infrastructure Strategy and the Local Plan said that work had been undertaken over the last two years to improve the service and this was the fourth report prepared to provide an update to Members. He said that the report set out the work completed in detail and he thanked the Director of Planning for the work he had undertaken and the effectiveness of what had been achieved.

He asked that the Committee noted the completion of the pathways work and endorsed the further work to be undertaken, working with the Department of Levelling Up, Housing and Communities, (DLUHC), in the monitoring of a

Performance Action Plan against which the Planning Service's performance would continue to be assessed by the DLUHC.

In response to Members questions the following comments were made:-

- The work that had been undertaken fulfilled the responsibilities and statutory duties of the Planning department to a satisfactory level. However, it was the intention to work towards providing an excellent service.
- The availability of skilled planning personnel remained an issue and was the main priority for the department. It was not a problem unique to this Council.
- There was approximately a third of staff that were either temporary or agency staff.
- The Planning Policy team had three vacancies, taking into account permanent and agency staff. These were in the process of being filled and offers had been made, albeit using mostly agency staff.
- In Development Management there was one vacancy, but a number of other positions were filled with agency staff and there was a process underway to recruit permanent staff.
- The 'fit for purpose' comment in the report related to the ability of the Planning department to meet all statutory requirements; this had not been the case a couple of years ago.
- Improvements were ongoing but would take time to implement.
- On the Local Plan Team, an offer had been made to an experienced Policy Manager who had verbally accepted a six months contract, from March 2023, to run the team.
- There were still gaps in the team and this could result in slippage.
- The Local Plan team consisted of nine members of staff and there had been offers made to fill the three vacant posts.
- The Director of Planning was part of a recruitment group across Essex, and they were exploring various options in terms of shared planning services.
- Contracts for senior staff were being reviewed and in order to provide more security to the Council, a three month notice period was being considered.
- The duty planner service had been suspended but there was a proposal within the budget to reinstate, with a small fee of £90.
- In the job adverts for planning staff, the lack of a Local Plan had been stated as a positive to shape the future of the district.

Members made the following comments: -

- There was an ongoing problem with enforcement.
- Officers were thanked for the effort and progress made to recruit staff.
- Progress had been made on the S106 process.

The Chair said the report was a good piece of work; the task and finish group confirmed that they were pleased with the progress that had been made. The Committee unanimously commended the report.

SC49 **CORPORATE PLAN 2023-2027**

The Portfolio Holder for the Economy, Investment and Corporate Strategy presented the report. He said that the draft plan started at the beginning of April 2023 for a four year period. He said that more changes had not been made as the new administration would have their own manifesto and plans after the election.

He said that the statutory services were included in the plan.

He said that the successes of the Corporate Plan included:-

- Personally helping one resident get into affordable housing.
- Finances, the action taken on investments and income received.
- Climate change and the £1 million for climate change actions.
- The Economic Recovery plan and the efficient distribution of grants during the Covid period.
- The 3 new sports facilities.
- The development of the Local Plan, including the Northside development which had recently been approved by the Planning Committee and would provide 5,000 jobs and new business opportunities.

Members made the following comments:-

- A Climate Change update would be on the next Scrutiny agenda.
- The underlying evidence of the Corporate Plan would be included in the Corporate Plan Delivery Plan.
- It was hard to comment on the Corporate Plan as it represented the priorities and plans of the administration.

SC50 **MEDIUM TERM FINANCIAL STRATEGY AND 2023/24 BUDGET PROPOSALS**

The Portfolio Holder for Finance and Budget presented the Report.

He highlighted the following:-

- The budget consultation document with responses.
- Council Tax would be increased by 3% or £5 and provided an extra £195k of income.
- The extra income provided additional cost of living support, separate from the Local Council Tax Support (LCTS) Scheme. The government had also funded a similar grant with an extra £85k.
- The budget for 2023/24 had been balanced through the use of £1.8 million for planned specific purposes, and a further £2.7 million from the Medium Term Financial Strategy (MTFS) reserve.
- Museum and parking costs had not been increased.
- Planning fees had increased to cover the full costs of the service and to be consistent with other Local Authorities, some of the fees were set by the Government.
- The 85% reimbursement of fees if an application was withdrawn was being reconsidered.

- There was a £360k improvement to budgeted income due to the low number of major planning applications going directly to the planning inspectorate.
- New rental income from Shire Hill and Little Canfield Depot and the reduction in the budget for their previous utility and premises costs.
- The budget had been reviewed to reflect recent changes including home working, the new site locations and inflation, to ensure accurate costs as Blueprint Uttlesford commenced.
- Total planned capital expenditure over the 5 year period was £55.8 million, including £9.1 million for the General Fund and £46.7 million for the Housing Revenue Account (HRA).
- The Capital Strategy was a balance of short, medium and long term borrowing which gave flexibility to the Council.
- As at 31 December 2022, the Council held £13 million of treasury investments at an average interest rate of 3.50%.
- Housing rents for existing tenants would be increased by 7%, and 11.1% for new tenancies, in line with Central Government policy.
- Other housing charges would increase by Consumer Price Index (CPI) or by the cost of the service.
- The rises in housing charges had been endorsed by the Tenant and Leaseholder Panel and the Housing Board.
- The housing budget for 2023/24 had resulted in a planned operating surplus of £2.9 million which would go towards new builds and planned new developments.
- The average rent was £106.94 per week.
- The increased income from the rise in housing charges would not fully cover the increased anticipated costs, resulting in a reduction in budgeted net operating surplus of £486k.
- The economic outlook and uncertain government policy made it difficult to produce a long term budget with any certainty which meant that it was prudent to take a more pessimistic view.
- The value of the commercial assets in September 2022 was £290 million.
- As part of the provisional Local Government finance settlement, the Government had agreed at least a 3% increase in spending power; however, as inflation was currently over 10% this represented a real time cut in the Council's core spending power for the third successive year.
- The current method for allocating government funding to local authorities was based upon data which had not been updated for 10 years.
- The latest forecast showed that the combined effect of funding reforms and the business rates reset could see the Council lose approximately £4.7 million of external funding annually.
- Despite inflation forecasts which predicted negative inflation by 2024/25, the assumption in the MTFS was to take the prudent view and to set inflation at 1%.
- The later years of the MTFS were more uncertain and a pessimistic view had been taken.
- The Commercial Strategy had been presented to the Investment Board and recommended for Cabinet approval.

In response to a question from the Chair, who asked why there had not been an external audit sign-off of the accounts for 4 years, the Portfolio Holder for Finance and Budget said that this did not have any bearing on the budget and financial matters and he had no power to intervene. He said that there was an ongoing incident that the police had investigated, which had been rejected, but was still being pursued by the complainant. He said that the auditors would not sign off their report until this matter had been resolved.

There was further discussion about the audit sign-off and the ongoing incidence, Councillor Jones raised a point of order. He said that it was not for the Committee to debate allegations and he said that it should only be a focus where it had an effect on the budget setting process.

Councillor Isham said that the public deserved a full, clear and honest explanation of why this had not been resolved.

In response to a question from Councillor Sell, the Director of Finance and Corporate Services said that each time there was an audit, the auditors looked at 'value for money' but this had not yet been formally confirmed.

Councillor Sell said that this statement was important because the Government could not say, on this basis, that the Council was delivering best value for money.

In response to Members questions the following comments were made:-

- The cost of agency staff was a best estimate, all figures were robust forecasts that took a more pessimistic view in order to be prudent.
- The cost of borrowing had increased, however with negative inflation forecast in a couple of years it was unlikely that interest rates would continue to be high.
- Higher interest rates meant that revenues from the Council's contracts were increasing, with rises in rental and market value.
- It had not been a strategic mistake to pursue short term borrowing and some had been locked into longer terms. The investments that were made, at a time when others were concerned that it was too risky, had been good. In the September 2022 valuation, there was a £74 million capital gain on assets, at a point when the markets were in turmoil.
- The Council was in a good position and there was an option available to sell one or more assets to utilise the capital gains effectively.
- The bin vehicle replacement programme of £1.3 million accounted for a large proportion of the capital programme expenditure reduction in 2023/24.
- A summary of the budget could be considered, but due to the nature and complexity of the documentation, the only way to fully understand was to read all the documents.
- It was only possible to properly analyse an investment and whether the decisions made regarding the movement of monies from short to long term borrowing were the best choices towards the end of its term. These decisions could only be made at the time using the best knowledge available.

- There had been a substantial amount of investment, circa £80 million, moved to long term borrowing just before the rise in interest rates and this had already proved to be a good decision made at the appropriate time.
- Whilst the interest rates were so low, the shorter term borrowing options were cheaper as the interest rates on long term borrowing were always set at a higher rate. Once investments were moved to long term they could not easily be moved back, due to penalties incurred.
- The opportunity to move to long term borrowing had not been possible from the summer of 2021 due to the change to the Prudential Code and the Government restrictions made in December 2021. The Council then had to convince the Government that the commercial strategy complied with the new rules. Access to the Public Works Loan Board was only available at the end of this process, in July 2022, and interest rates had already started to rise at that point.
- The press release for the budget had not yet been drafted. It would set out to the general public that it was a stable budget in a tumultuous world, and that no services would be cut.
- There were plans to review car parking charges, which had not increased within the budget. The timing of the review had been delayed due to available resources and not because of the upcoming election. The review was complex and required a statutory consultation and an understanding of the economics, affordability and view of local businesses. It was likely that sometime after the election, car park charges would be increased.

The Portfolio Holder for the Economy, Investment and Corporate Strategy added that:-

- The Corporate Plan formed the basis of the budget.
- A number of Council functions included in the Corporate Plan were statutory, for example, Council Tax collection, bin collections and licensing.
- There were items within the Corporate Plan that did not have a financial impact but the resources to carry them out were in place.

The Chair said it had been an in-depth discussion and asked Members to remit the report to Cabinet. It was agreed unanimously.

Agreed: That the report be remitted to Cabinet.

The meeting ended at 21:25.