

Minutes

Overview and Scrutiny Committee

14th July 2010



Councillors	Present	Councillors	Present
J. Baugh	Yes	A. M. Meyer	No
G. Cohen	Apologies	R. Ramage	Yes
M. Dunn	Apologies	D. E. A. Rice	Yes
Dr. R. L. Evans	Yes	A. F. Shelton	Yes
M. Gage (Chairman)	Yes	Mrs. J. Smith	Yes
J. E. B. Gyford	Yes	F. Swallow	Yes

Councillor E. Lynch was also in attendance.

Officers in attendance: Allan Reid, Chief Executive
Chris Fleetham, Corporate Director
Trevor Wilson, Head of Finance
Andrew Epsom, Asset and Property Manager

11. DECLARATIONS OF INTEREST

INFORMATION: There were no interests declared.

12. MINUTES

DECISION: That the minutes of the meeting of the Overview and Scrutiny Committee held on 2nd June 2010 be approved as a correct record and signed by the Chairman.

13. QUESTION TIME

INFORMATION: There were no questions asked or statements made.

14. SCRUTINY OF TREASURY MANAGEMENT – THE COUNCIL’S INVESTMENT IN THREE BANKS IN ICELAND – REPORT UPDATE

The Committee was reminded that when it considered this item at its meeting on 22nd July 2009 (Minute 16 refers) it requested an update in 12 months time.

Trevor Wilson presented his report which set out details of the Treasury Management activity in 2009/10 and included a copy of the Annual Treasury Management Report that had been considered and accepted by the Audit Committee at its meeting on 30/6/10.

That report also included a summary of the current position regarding the investments at risk with the three Icelandic Banks together with a statement of the costs, both incurred to date and committed, for professional services associated with the recovery of the Icelandic

investments. In respect of the Landsbanski and GLITNIR Banks the Council has signed up to the joint litigation being pursued on behalf of local authority creditors to seek recovery of the sums invested.

Performance on the Treasury Management function has been regularly monitored by the Cabinet Member for Efficiency and Resources and the Audit Committee who receive regular reports.

In January 2010 the Audit Committee commenced the first of what is to be an annual review of the draft Treasury Management Strategy including the annual Investment Strategy prior to it being considered by Cabinet and agreed by Full Council in February 2010. This was in accordance with a recommendation to Local Authorities by the Audit Commission, as part of its findings from the review into Treasury arrangements following the collapse of the Icelandic and other banks in 2008.

The annual report on the Treasury Management function and the Prudential Indicators for 2009/10 was scrutinised and accepted for submission to Full Council by the Audit Committee at its meeting held on 30/6/10.

In respect of the Council's overall investments for 2010/11, returns are likely to be lower than those predicted at the time of setting the 2010/11 budget. The anticipated reduction in investment income for the year will be met from the Treasury Management Reserve. This has been reported to Cabinet and will continue to be monitored throughout the year and updates will be reported to Members by means of the quarterly performance reports.

The Committee noted that due to the cessation of investing funds with Goldman Sachs MMF, new investment facilities are currently in the process of being opened with Henderson Global Investors, Ignis Asset Management, and the Royal Bank of Scotland.

Trevor answered Members' questions on his report.

DECISION

That the report be noted.

15. BUDGET SCRUTINY PREPARATION IN RESPECT OF THE CABINET'S PROPOSED 2011/12 BUDGET

Allan Reid, Chief Executive introduced this item. He advised the Committee that in budgetary terms the next three years were going to be very difficult and that public sector funding will considerably shrink over this period. There would be many challenges to face, and these may influence the Committee in the way that it tackles budget scrutiny and the associated timetable and process. The reduction in funding has already impacted on the Council this year in that certain grant funding has been withdrawn or curtailed e.g. the Planning Delivery Grant, Business Incentive Grant, the Performance Reward Grant towards Local Strategic Partnership projects.

Government Departments have been set a challenge to achieve a minimum 25% reduction in spend, but are also looking at scenarios involving 40% reductions.

From media and press speculation and following discussions with his peers in other authorities, Allan advised the Committee that it is likely that local authorities could face reductions of 33% in their grant settlements. This would mean the Council reducing its

base budget by between £3m to £4m over the next three years. This would be a significant challenge and would potentially affect many of the Council's services.

It was intended to commission fundamental and very detailed reviews of every Council service including the risk assessment relating to customer impact, and Managers would be asked to look at the impact of reducing the budgets available by 33%. This process will commence shortly and be completed by the end of September. The results of the reviews should be available in October.

The first major report on budget options will be to Cabinet at its 22/11/10 meeting. Cabinet will finalise its budget proposals at its 31/1/11 meeting with the Council considering the budget at its meeting on 14/2/11.

A revised Medium Term Financial Strategy will be submitted to the Cabinet's 13/9/10 meeting.

The Chief Executive advised that the Government's Spending Review is due to be announced on 20/10/10 although it is not known at this point in time as to whether this will include the announcement of local authorities three year settlements or whether it will just cover the broad results of the review.

The Chief Executive answered members questions on the budgetary issues and processes that he had outlined.

The Scrutiny Manager reminded the Committee that at its meeting on 10/3/10, it had been agreed that for the purpose of scrutinising the Cabinet's 2011/12 proposed budget, the Committee would basically continue with the same system as before (i.e. an opening budget scrutiny session in October with the leader of the Council, the Portfolio Holder for Efficiency and Resources, the Deputy Leader and Portfolio Holder for Enterprise and Culture followed by two sessions respectively in November and January with Groups of Portfolio Holders), but with the following amendments:-

(i) in respect of the two latter sessions with Groups of individual Portfolio Holders, the Portfolio Holders should provide written responses to the set questions;

(ii) the set questions to be reviewed to see if they need to be amended, and whether any additional questions need to be set.

It was suggested that the January scrutiny session with the Group of Portfolio Holders may be too late in the budget making process and could have more influence if it was brought forward to meet prior to the 22/11/10 Cabinet meeting.

The Committee discussed the budget scrutiny timelines, and the information that was required in advance to facilitate its budget scrutiny process.

DECISION

It was agreed as follows:-

1. As regards the budget scrutiny dates, the opening budget scrutiny session on 13/10/10 and the session with the Group of Portfolio Holders on 17/11/10 will stay the same. The 26/1/11 Budget Scrutiny session with the Group of Portfolio Holders will be brought forward to 27/10/10;

2. No amendments are to be made to the set questions at the present time. However, in view of the fluidity of the budgetary situation, if Members have any additions to the set questions they should submit them to the Chairman by 16/8/10 (with a copy to the Scrutiny Manager);

3. The following item is to be added as item 10 to the list of information items required in advance to facilitate consideration of the Cabinet's proposed budget:-

'Item 10 - The Risk Assessment relating to Customer Impact'.

Action Point

Scrutiny Manager to notify Cabinet Members of arrangements.

16. **POST DECISION SCRUTINY – ACCOMMODATION OPTIONS REVIEW – CAUSEWAY HOUSE, BRAINTREE/MAYLAND HOUSE, WITHAM**

Chris Fleetham, Corporate Director briefly referred to his report setting out the chronology of events in connection with the accommodation options review and supporting documentation. This information had been requested by the Committee at its meeting on 10/3/10 when Members had decided to carry out post decision scrutiny on this item and to focus in particular on what information was available to Members (and who supplied it) at the point at which a decision was made in 2007 that Causeway House was no longer fit for purpose.

In response to queries raised concerning confidentiality aspects, Chris indicated that certain items included in the report had originally been taken in private session as the information, at the time, was commercially sensitive. However, this was no longer the case and it was felt that there was no need for the items to remain confidential.

In response to a member's question, Chris Fleetham advised that a letter of intent had now been received from Essex County Council to occupy part of Causeway House.

In response to members questions concerning letting out Mayland House and reducing running costs, Andrew Epsom gave an update of the position concerning enquiries in relation to the letting of Mayland House, Witham. The Council's current aim was to achieve rental income which would help to reduce the Council's running costs – for instance if the Council was to lease out one floor of the building it would reduce the Council's running costs by approximately one third. One option may also be for the Council to consider applying for Business Rates Relief. If the Council was not able to substantially let the building to other tenants the Council would consider in three months time the option of disposing of the building on the open market.

In response to a member's question on the reference to 'big bang' in connection with the qualitative assessment of options on page 27 of the DTZ report (column headed Suitability), the Chief Executive indicated that it meant a cultural change in that a fresh start/approach would be made to the way that we work in terms of looking at home working, making use of greater technology etc.

In response to a member's question on the position regarding the refurbishment of Causeway House, Chris Fleetham indicated that there was a meeting of the Member Group tomorrow who will consider the specification for the works and be reporting to the Cabinet at its September meeting. The Council is also still working with Essex County Council with

a view to that organisation taking a lease of part of Causeway House.

Cllr. Gage then invited Cllr. Lynch to speak to the Committee on this item.

Cllr. Lynch indicated that when he had received the Agenda papers he had been concerned that certain items in the report were confidential which had prompted his earlier enquiries with the Scrutiny Manager and the Chairman of the Committee, but he was pleased to note at least that the items were no longer commercially sensitive.

In reading the Officer's report, he had felt that the issue in relation to the possible move of the Council from Causeway House to Mayland House, particularly the timing of the publicity aspects and keeping other members advised, had not been handled well at a political level.

Cllr. Gage the Chairman of the Committee suggested that Cllr. Lynch may to pursue this aspect direct with the Leader of the Council.

Cllr. Lynch was still concerned that the decision that Causeway House was no longer fit for purpose was taken on the strength of two lines on page 40 of the DTZ report, and that there were no detailed costings.

Chris Fleetham commented that the documents accompanying the chronology set out all the information that Members had had on this subject. The DTZ report had set out a series of options including refurbishing Causeway House, rebuilding on an existing site such as Tabor House, or a new build on a new site. The DTZ report had concluded at that time that the best option would be for BDC/ECC to have a new build development on a local authority owned site.

Andrew Epsom commented that the refurbishment costs of Causeway House included in the DTZ had been confirmed by two other consultants as being in excess of £6m. The actual extent of the works would depend on what the Council could actually afford.

A member raised the issue of whether the detailed figures relating to the refurbishment costs of £9.1m included on page 27 (Qualitative Assessment – column headed affordability) of the DTZ report had ever been made available to the members of the Cabinet or the Council.

Chris Fleetham indicated that he believed that the figure was based on the cost of £1000 per square metre Gross External Area quoted on page 40 of the DTZ report plus decanting and other costs. The only detailed costings are set out on the table on page 48 of the DTZ report. This was the only information that was ever available to members.

In response to a member's question about the cost of the DTZ report, Andrew Epsom indicated that he recalled that the report cost £50,000 to £60,000 which had been shared between the District and County Councils. Cushman and Wakefield's fees who are assisting with the Braintree Town Centre Redevelopment Scheme, total between £13,000 and £20,000 although much of this will be recoverable from the development partner that the Council appoints. City Space consultants are compiling a Refurbishment Cost Plan and their fees for that work are approximately £60,000.

Members went on to debate the accommodations options review at some length.

DECISION

Following a detailed discussion, it was agreed that the report be noted.

17. ANNUAL WORK PROGRAMME 2010/11

The Committee considered the Overall Work Plan Summary showing the expected timeline for the various projects included in this year's work programme.

DECISION

That the Overall Work Plan Summary be approved.

18. SCRUTINY OF CRIME AND DISORDER MATTERS

(1) Protocol

The Scrutiny Manager advised the Committee that the Crime and Disorder (Overview and Scrutiny) (Amendment) Regulations 2010 amended the provisions whereby certain categories of persons could be co-opted to serve on a Crime and Disorder Committee to add value and expertise to the Committee's work. Any person can now be co-opted with the exception of members of the executive of the Committee's local authority.

DECISION

That the protocol for scrutiny of crime and disorder matters be amended accordingly.

Action Point

Scrutiny Manager to notify the Chairman of the Community Safety Partnership.

(2) Recommendations made by Crime and Disorder Committees

The Committee had queried at its last meeting as to whether recommendations made by the Committee in its capacity as the Crime and Disorder Committee needed to be submitted to Cabinet first.

The Scrutiny Manager advised the Committee that the Home Office Guidance indicated that whilst the role of the Committee is to make reports and recommendations to the local authority with regard to the functions of the Community Safety Partnership (CSP) the nature of the Committee and its work should mean that recommendations will be directly for responsible partners on the CSP as well.

When the Committee undertakes a specific scrutiny study and makes recommendations which have an impact on community safety issues copies of those recommendations should be sent to the relevant responsible authority or co-operating bodies who have 28 days to respond.

DECISION

That the report be noted, and that in instances where the Crime and Disorder Committee makes recommendations direct to the relevant responsible authorities or co-operating bodies on the CSP a copy of those recommendations is passed to the relevant Cabinet

Member for information.

19. TASK AND FINISH GROUPS

(1) Public Services Provision for Older People – Task and Finish Group

Cllr. Ramage the Chairman of the Public Services Provision for Older People – Task and Finish Group, gave a brief verbal update.

The Group had met recently on 29/6/10 and received a very informative presentation from Pat Strachen of Care and Repair (England) which focussed on the services that this organisation provides for the elderly.

At the Group's next meeting on 24/8/10 a representative from the Essex Fire and Rescue Service will be attending to make a presentation, and it is also helped to have an Officer attend to talk to the Group about the Village Agents Scheme and the role that the Agents play in assisting the elderly.

DECISION

That the verbal report be noted.

(2) Bus and Rail Services – Task and Finish Group

The Committee received a copy of the Cabinet Report and relevant minute extract relating to the Cabinet meeting held on 14/6/10, setting out the outcome to the recommendations contained in the Bus and Rail Services Task and Finish Group report. As a number of the recommendations related to Essex County Council Passenger Transport, the report included updates from both BDC Officers and Essex County Council Officers who were involved in this service area.

DECISION

That the report be noted.

20. FORWARD PLAN – 1/7/10 to 31/10/10

Members received the four month Forward Plan for the above period.

DECISION

That the contents of the Forward Plan be received and noted.

The meeting closed at 9.43pm.

M. Gage
Chairman