

Monday, 3 February 2014
at 6.00 pm



Scrutiny

Membership:-

Councillor Warner (Chairman) Councillor Shuttleworth (Deputy-Chairman)
Councillors Belsey, Coles, Cooke and Murray

(An apology for absence was reported from Councillor Ungar)

20 Minutes of the meeting held on 6 November 2013 and 9 December 2013.

The minutes of the meeting held on 6 November 2013 and 9 December 2013 were submitted and approved and the Chairman was authorised to sign them as a correct record.

21 Declarations of Disclosable Pecuniary Interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct.

None reported.

22 General Fund Revenue Budget 2014/15 and Capital Programme 2013/17.

Scrutiny considered the report of the Chief Finance Officer setting out the general fund revenue budget proposals for 2014/15 and a 3-year capital programme 2013/17. The medium term financial strategy (MTFS) had been revised in July 2013 and the Cabinet had agreed a draft 2014/15 budget proposal last December. The MTFS and resulting draft budget had been subject to extensive consultation and previously reported to Cabinet and the Scrutiny Committee.

The budget proposals included:

- No increase in the council tax in 2014/15.
- Overall savings totalling £0.808m (5% of the net budget).
- Efficiency savings of £0.608 (2.6% of the net budget).
- Inflation of £0.430m (2.6%).
- Other recurring service growth of £0.421m.
- Non recurring service investments of £0.446m.
- General reserves averaging in excess of £3.8m (against a minimum recommended of £2m).
- Capital receipts of £0.8m invested in new capital schemes. Available earmarked reserves in addition to the budget:
- Strategic change fund £0.7m.
- Economic regeneration reserve of £0.5m.

The budget represented management of financial risks which were highlighted within the report.

The headline figures of the 2-year government settlement were detailed within the report.

The national non-domestic business rate base had reduced slightly (£50,000) largely as a result of additional appeals, this was a provisional figure that would not be finalised until 31 January as the government had only just released the form used to calculate the base. In addition to the formula grant, the government was financing the cost of a 1% increase in council tax (£81,000) which it had confirmed would be put in the base for 2015/16 and beyond. The government had announced that Eastbourne would receive £897,000 in total of new homes bonus due to the growth in housing in the area and the further reduction in empty properties. Of this £500,000 would be transferred to the regeneration reserve to fund economic initiatives in line with the MTFS. The grant was paid in tranches for six years. The funding was not guaranteed beyond a 6 year horizon for each tranche. The projected award for 2015/15 was £1.3m. The Council's policy as outlined in the MTFS was to utilise any surplus grant for economic regeneration initiatives. A separate reserve had been set aside for that purpose. The government was financing the additional new homes bonus from reductions in revenue support grant, therefore, whilst volatile, it was becoming the preferred method of distribution of resources.

Members noted that there would be no increase in council tax for 2014/15 was proposed and this would result in an unchanged band D rate of £224.19 (14% of the total council tax bill). A summary of the resources available was given within the report. In order to achieve a balanced budget without using reserves, the Council would need to set a net expenditure budget for 2014/15 of £16.665m.

In December the Cabinet put forward their draft budget proposals, the main movements since then were detailed in appendix 1 to the report.

Details of proposed growth and savings were given in full in appendix 2 to the report. The proposals set out in the report would allow full Council on 19 February to approve a balanced budget in line with available resources and without the need to use reserves. The report also detailed the principal financial risks the Council was likely to face.

A corporate contingency budget of £178,000 for unbudgeted expenditure or reductions in income had been allowed. This was in addition to the known inflation that had been built into service budgets. The Government had announced a 1% cap on pay rises in 2014/15 therefore £120,000 had been included in the contingency. Further, the Council's general fund reserves were anticipated to amount to £3.8m in March 2015 as compared with the Chief Finance Officer's minimum recommended level of £2m.

The principles for formulating the capital programme were set out in the budget report to Cabinet last December and the updated programme was

given in appendix 3 to the report (proposed new schemes were shown in bold text) and showed a projected outturn for 2013/14 of £6.072m; a total budget for 2014/15 of £15.348m; £14.438 for 2015/16; and £6.880m for 2016/17. The Council had a policy of only using borrowing for schemes that were 'invest to save' and could generate enough savings or additional income to service the financing costs. In addition to schemes that qualified for borrowing, the Council had a further £800,000 of capital receipts to apply to the programme.

The committee further discussed the Devonshire Park proposals, levels of General reserves, assistance for small businesses, Cross Levels Way BMX track and the Hampden Park Skate Park.

RESOLVED: That Scrutiny Committee note 1) the General Fund budget for 2013/14 (Revised) and 2014/15 (original) (Appendix 1) including growth and savings proposals for 2014/15 as set out in Appendix 2, and General Fund capital programme and financing 2013/17 as set out in Appendix 3. 2) that there was no increase in the Council Tax for Eastbourne Borough Council resulting in a Band D charge of £224.19 for 2014/15.

23 Corporate Performance - Quarter 3 2013/2014

Members considered the report of the Deputy Chief Executive and Chief Finance Officer updating Members on the Council's performance against Corporate Plan Priority actions, indicators and milestones for 2012/13.

Members were advised that Appendix 1 detailed activities and outturns of the performance indicators listed within the Corporate Plan 2013/14.

The first section of Appendix 1 listed all the Corporate Plan priority actions whose in-year milestones had already been fully completed this year.

The second section of Appendix 1 listed the ongoing actions showing all milestones that were scheduled for completion in quarter 3 of 2013/4 and any incomplete milestones from earlier in the year along with commentary to explain the context behind them.

Of the 37 Key Performance Indicators reported in the Corporate Plan this quarter, 8 were currently showing as "Red," 17 were showing as "Green," 4 were showing as "Amber" and 8 were "data only" or contextual PIs. The off target PIs were;

- TL_041 Number of visitors (day visitors and staying trips)
- ECSP_004 Violent crime in a public place
- TL_014 Towner visitors
- CD_008 Decent Homes programme
- CD_052 Number of homes where Category 1 hazards have been remedied
- CD_055 Number of completed adaptations
- CD_056 Average number of days for assistance with adaptations
- CS_011 Telephone call abandonment rate

Members noted the position of the General Fund as of the end of December showed a positive variance of £40,000 which was a movement of £118,000 compared to the position reported at the end of the second quarter in September. Service expenditure had a variance of £141,000 a positive variance from September £40,000. The main reasons for the improvement were detailed within the report.

The projected outturn showed a favourable variance of £30,000, this was within 0.17% of the net budget and was within an acceptable tolerance level. The contingency allowance currently stood at £241, 529 and had been used to offset service expenditure. Therefore there was no further funding available for any future unforeseen one off areas of expenditure during the year.

Financial procedure rules require all virements requests over £10,000 for revenue expenditure to be approved by Cabinet. There was one request for this quarter as set out in Appendix 3 and related to the approved phased reduction in the grant payable to the Allotments Society. Cabinet's approval would also be sought for the transfer from reserves as set out in Appendix 3. These transfers were in line with the approved financial strategy.

The updated capital programme was shown at Appendix 4 of the report. Actual expenditure at 52% of the budget was lower than expected as a number of schemes had been delayed in starting or had not yet started in particular in the following areas but expenditure was expected in the next quarter:

- Housing Major Works schemes
- Support Housing in Eastbourne Programme
- Coastal Defence Works
- Play Equipment
- IT software upgrades
- Bandstand works.

The 2013/14 programme had now been re-profiled to reflect start dates and planned works.

Members noted that the HRA surplus variance was due to a reduction in income from rents and services changes due to the delay in the expected completion of the sheltered accommodation remodelling schemes, off set by savings in the provision for Bad Debts. A prudent increase in the provision for Bad Debts was included in the 2013/14 budget to offset any effect of the new benefits regime. Rent collection performance had continued at prior year levels, and therefore the expected increase in rent arrears had not materialised as expected. The bad debt provision had been decreased to reflect this situation. The projected outturn was showing a surplus of (£418,000) mainly due to the change in the bad debt provision and lower than anticipated interest rates on new and replacement debt taken during the year.

The committee were advised that the Collection Fund recorded all the income from Council Tax and National Non-Domestic Rates and its distribution to the major precepting authorities. With the introduction of the new system for the local retention of business rates, the performance of the Collection Funding was now included as part of the performance monitoring and results shared with major preceptors.

The projected Collection Fund for the year was detailed within the report. This represented a variance over the quarter two monitoring of £61,000 and £7,000 for Council Tax and Business Rates respectively.

The Council Tax deficit was due to higher than budgeted take up of the Council Tax Reduction Scheme less a reduction in the number of Single Persons Discounts awarded. The deficit represents 0.19% of the gross debit due. Business Rate income was down on that expected due to the number of successful appeals having been settled in the year and lower than anticipated growth in rateable values. The deficit represents 2% of the gross debit due.

The Annual Treasury Management and Prudential Indicators 2014/15 would be considered by Cabinet. The report summarised the main points from the current economic background and interest rate forecasts.

Members noted that the variances within both the General Fund and HRA budget were well within tolerance levels, however risks within the budget would continue to be carefully monitored.

Councillor Heaps, Cabinet Portfolio Holder, was in attendance to answer questions relating to Tourism and Leisure Services including catering.

The Senior Head of Infrastructure provided members with an update on the Waste Contract, Calls to the Council, Grounds Maintenance costs and Five Acre field railings. Members requested further information regarding 'mixing' of recyclables frequency of street cleaning. The Senior Head of Infrastructure agreed to provide following the meeting. A copy of the briefing note is appended to the minutes.

The Chairman asked if there were any measures included in the proposed budget to assist with the creation of jobs, assistance for new business start-ups or attracting established businesses to Eastbourne. The Chief Finance Officer advised that aside from the capital programme, which did contain some direct and indirectly beneficial effects on the local economy, there were no new proposals in the budget specifically aimed at Economic Regeneration. A total of circa £488,000 had been made available in the Economic Regeneration Fund.

The Chairman advised the committee that members would be receiving a report from officers regarding a review of the recent changes to taxi licence fees at the next Scrutiny Committee meeting in June 2014.

NOTED.

24 Exclusion of the Public

The Chief Executive considers that discussion of the following item is likely to disclose exempt information as defined in Schedule 12A of the Local Government Act 1972 and may therefore need to take place in private session. The exempt information reasons are shown beneath the items listed below. Furthermore, in relation to paragraph 10 of Schedule 12A, it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. (The requisite notices having been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.)

25 Confidential Minutes of the meeting held on 6 November 2013.

The minutes of the meeting held on 6 November 2013 were submitted and approved and the Chairman was authorised to sign them as a correct record.

The meeting closed at 7.30 pm

Councillor Warner (Chairman)

Report to Scrutiny Committee – 3rd February 2014

Waste Contract update

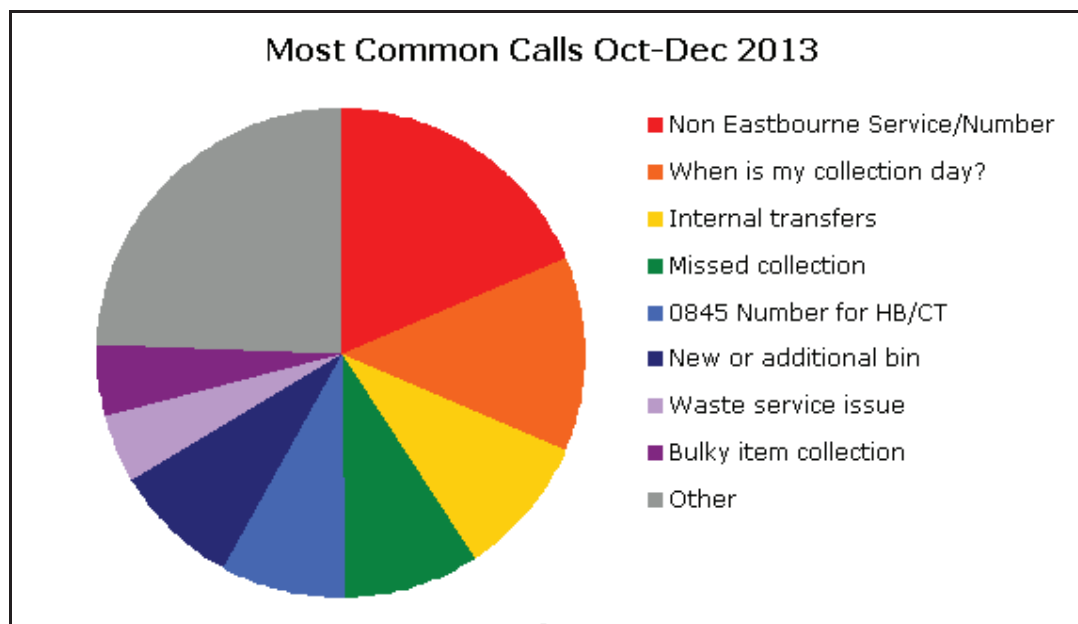
Members have asked for an update on the waste contract performance, following the updates at the previous two committees. The headlines are as follows:

- **Missed bins** reduced month on month throughout Q3 (Oct - 535, Nov - 493, Dec - 321) and are now down to pre-contract change levels.
- **Recycling rates** on target with monthly totals of 33%, 38%, 35%, 35% from July to October (the recycling figures take some time to calculate and are fed through from East Sussex County Council around three months 'in arrears').
- **Bin deliveries** - 2000 bin delivery and collection jobs resolved during December and January, although there is still a backlog of around 1500 to clear, with work ongoing.

Calls to the Council

Members have asked for a breakdown of calls coming into the council. The high volume call types for the last quarter are detailed below. These figures do not show the total call volumes, just the totals of the most common call types.

Figure 1: High level summary of call types



This chart shows just the top seven categories from the table below, with the remainder being grouped as 'Other'. It is interesting to note how many customers contact us only to be referred to the 0845 number for council tax and benefits enquiries, something that will cease as part of Future Model Phase 2. The internal call transfers shown will also cease as part of the Future Model programme, as more services transition into Customer First.

| Service | Volume of calls |
|---|------------------------|
| Non Eastbourne Service/Number | 2250 |
| When is my collection day? | 1557 |
| Missed collection | 1087 |
| 0845 Number for HB/CT | 1003 |
| New or additional bin | 993 |
| Waste service issue | 568 |
| Bulky item collection | 549 |
| Call transfers to Development Control | 483 |
| Call transfers to Housing | 451 |
| Fly tipping | 425 |
| Remove container | 388 |
| Lost stolen or damaged bin | 311 |
| Sharps box collection | 238 |
| Call transfers to Licensing | 224 |
| Waste service compliments or complaints | 214 |
| Missed assisted collection | 197 |
| Street cleaning and litter clearing | 167 |
| Clinical waste and sharps collection | 134 |
| Garden waste | 119 |
| Parking permit application | 90 |
| Noise nuisance enquiries and reports | 89 |
| Assisted collection set up | 89 |
| Dog bins and fouling (street) | 70 |
| Planning enforcement investigation | 65 |
| Tip enquiries | 51 |
| Tree enquiries and reports | 41 |
| New waste contract advice | 33 |

Grounds maintenance additional costs

The grounds maintenance contract dates back to 2008. Members will recall that savings on this contract were approved as part of the 2011/12 budget which will total some £800k over the life of the contract.

In 2012, the contractor, The Landscape Group, informed us that they believed they had been underpaid according to the terms of the contract and a review of the contract was carried out.

Independent cost consultants were appointed who confirmed that RPI had not been correctly applied to the contract, and the numerous subsequent variations, and provided a valuation of the underpayments. There were differences between the amount claimed by TLG and the cost consultant's valuation.

On the advice of both our internal legal team and our external solicitors, Sharpe Pritchard, we sought to reach a negotiated settlement rather than risk contract performance by entering a formal process for dispute resolution.

In agreeing settlement terms, we took into account the risk of the contract breaking down, the need to regularise payments to the contractor and the risks and costs associated with litigation.

A commercial settlement was reached in October 2013, resulting in the additional costs outlined in the report. The grounds maintenance budget is now correct going forward and the savings made from 2011/12 have not been affected.

Five Acre Field railings

Railings

The existing boundary railings have reached the end of their effective life and are heavily corroded. They immediately abut the highway (Queens Crescent) and prevent pedestrian access to the steep sided sewer in this location. One section has collapsed, where they form an entrance to Five Acres Field. The cost of replacing the railings is estimated at £20k and is included in the list of capital schemes recommended for approval at Cabinet on 5 February.

Earth Bund

The bund is to improve security and restrict non authorised vehicular access.

The capital bid this year (13/14) covered earth bunding, planting, reducing gated access and improving the security of those retained. We have been unable to proceed with the earth bunding due to wet ground conditions but the other works are complete and the bunding will be installed ASAP.