

SOUTHEND-ON-SEA CITY COUNCIL

Meeting of Policy and Resources Scrutiny Committee

Date: Thursday, 7th November, 2024

Place: Committee Room 1 - Civic Suite

Present: Councillor I Gilbert (Chair)
Councillors I Ferguson (Vice-Chair), Sam Allen, S W Allen*,
M Borton, C Campbell*, J Courtenay, T Cox, M Faulkner-Hatt,
N Folkard, J McMahon, R McMullan, J Moyies, S Wakefield and
C Webster

(*Substitute in accordance with Council Procedure Rule 30.)

In Attendance: Councillors
J Chesterton, C Fozzard, M Harvey, M Marks, S Newman,
A Richards, C Shuter and S Cox

Start/End Time: 6.30pm – 10.16pm

27 Chair's Introduction & Apologies for Absence

(a) Chair's Introduction

Prior to the consideration of the matters set out in the agenda, the Chair outlined their expectations of the standard of conduct and behaviour to be shown at the meeting.

(b) Apologies for Absence

Apologies for absence were received from Councillor D Garston (Substitute: Councillor C Campbell), Councillor R Longstaff (Substitute: Councillor Stuart Allen), Councillor Nelson (no substitute) and Councillor Ward (no substitute).

28 Declarations of Interest

The following interests were declared at the meeting:

- (a) Councillor S Wakefield, Minute 31 (Financial Performance Report 2024/25) – sub-contractor of South Essex Homes and grandchild with Special Educational Needs (SEN).
- (b) Councillor M Borton, Minute 31 (Financial Performance Report 2024/25) and Minute 33 (Corporate Performance) – Council appointed member to South Essex Homes Board and concessionary bus pass holder.
- (c) Councillors N Folkard and C Webster, Minute 31 (Financial Performance Report 2024/25) – concessionary bus pass holder.

- (d) Councillor T Cox, Minute 31 (Financial Performance Report 2024/25) – child in receipt of a Education, Health and Care Plan (EHCP).
- (e) Councillor A Jones, Minute 31 (Financial Performance Report 2024/25) and Minute 33 (Corporate Performance) – Council appointed member to South Essex Homes Board.
- (f) Councillor J McMahon, (general business of the meeting) – Founder of HARP.

29 Questions from Members of the Public

The Committee noted the responses of the Cabinet Member for Infrastructure & Corporate Strategy and Leader of the Council) to questions presented by Mr Webb, Ms Cowdrey and Ms Mitchell.

30 Minutes of the Special Meeting held on Monday, 30 September 2024

Resolved:

That the minutes of the special meeting of the Committee held on Monday, 30th September be confirmed as a correct record and signed.

31 Financial Performance Report 2024/25 to end of September 2024 (Period 6)

The Committee received a report from the Executive Director (Finance & Resources) by way of pre-Cabinet scrutiny which provided an update on the Council's current financial position for the midpoint of the year to the end of September 2024 (Period 6).

The Committee asked a number of questions which were responded to by the Leader of the Council and the Cabinet Member for Finance, Assets and Investments, these related to:

- The reporting of the budget and use of one-off reserves to reduce the overspend position.
- Addressing costs of children's and adult social care placements.
- Parking income for the month of September and the impact on the parking volatility reserve.
- The importance of reducing the need of temporary accommodation, bringing back properties from the market into use and reducing voids to ensure families are housed in Council accommodation.
- Operational overspends, the majority of which fell under the climate, environment and waste portfolio, due to the waste contract and grass cutting operations.
- The lower-than-expected income in relation to burial and cremation costs.
- The lower than anticipated savings in relation to the take up of the Council employees holiday buy-back scheme.

- The security costs associated with the University Square Car Park and whether there was a possibility to extend the car park opening times, reduce the cost of service-staff and the ability to accept card payments in future.
- The impact of the recent government announcement and its anticipated impact on National Insurance contributions for the Council and its wholly owned companies.
- The impact of the introduction of 6-9pm parking charges.

The relevant Cabinet Members and Executive Directors undertook to provide written responses to questions raised by Members of the Committee, with regard to:

- a) The date of implementation of 6-9pm parking charges, detail on the delay and its impact on income generation projections and the Parking Income Volatility Reserve.
- b) The projected impact of National Insurance (NI) contributions and Minimum/Living Wage increases for the Council and its wholly owned companies. The Committee were advised that figures would be provided once government guidance was received, so it could be determined what would be classified as being under public sector protection. As a result, there would be a delay in when this information would be available, due to waiting on further detail from central government.
- c) How successful the recruitment campaign to increase the number of in-house foster carers had been and the latest figures for how many foster carers the Council currently had.
- d) The associated costs that would be incurred from potentially introducing card payments in University Square Car Park, and whether this would expect to realise any benefit.

Resolved:

That the following recommendations to Cabinet, be noted:

That, in respect of the 2024/25 Revenue Budget Performance as set out in appendix 1 to this report, Cabinet:

1. Note the forecast outturn for 2024/25 for the General Fund and the Housing Revenue Account as at 30 September 2024.
2. Note the plans and intentions to try to reduce the forecast overspend of the Council's revenue budget for 2024/25 and agree that the Chief Executive and Executive Director (Finance & Resources) explore all opportunities within their delegated powers and authority to improve the financial position by the year-end (section 5).
3. Approve the budget transfers (virements) of £3,187,000 (section 5.62), including specific drawdowns from earmarked reserves as set out in section 5.14.

That, in respect of the 2024/25 Capital Budget Performance as set out in appendix 2 of this report, Cabinet:

4. Note the expenditure to date and the forecast outturn as at 30 September 2024 and its financing. 8
5. Approve the requested changes to the capital investment programme for 2024/25 and future years, as set out in section 4 of appendix 2.

Note: This is an Executive Function

Cabinet Members: Councillor D Cowan, Leader of the Council and Cabinet Member for Infrastructure and Corporate Strategy.

Councillor P Collins, Cabinet Member for Finance, Assets and Investments.

32 Treasury Management Report - Mid Year 2024/25

The Committee considered the report of the Executive Director (Finance and Resources), by way of pre-Cabinet scrutiny, presenting the treasury management activity and compliance with the treasury management strategy for both quarter two and the period from April to September 2024.

A Committee Member requested a benchmark of property funds and bond fund returns against the sector average so that the Committee could determine how funds were being managed compared to other funds out there and what the risk appetite was for the local authority, it was confirmed this would be prepared for the next reporting period.

The Committee asked questions regarding the Lothbury Property Trust, including property dispersal timelines, it was currently estimated that all properties would be sold before the end of the financial year.

The Committee asked a number of questions which were responded to by the Executive Director (Finance and Resources), the Leader of the Council and the Cabinet Member of Finance, Assets and Investments.

The Cabinet Member for Finance, Assets and Investments advised that his portfolio working party was due to meet on 22 November to review the annual strategy, and that members contributions would be welcome to help influence and shape the strategy for the year ahead.

Resolved:

That the report and recommendations to Cabinet, be noted:

That Cabinet:

1. Approves the Treasury Management Mid-Year Position report for 2024/25.

That Cabinet:

2. Notes that treasury management activities were carried out in accordance with the CIPFA (The Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management in the Public Sector during the period from April to September 2024; and

3. That the loan and investment portfolios were actively managed to minimise cost and maximise interest earned, whilst maintaining a low level of risk; and
4. That £3.106m of interest and income distributions for all investments were earned during this six-month period at an average rate of 4.71%. Also, the value of the externally managed funds increased by a net of £0.459m due to changes in the unit price, giving a combined overall return of 5.40%. (Section 8); and
5. That the level of borrowing from the Public Works Loan Board (PWLB) (excluding debt relating to services transferred from Essex County Council on 1st April 1998) remained at £347.3m (Housing Revenue Account (HRA): £74.2m, General Fund: £273.1m) during the period from April to September 2024; and
6. That the level of financing for 'invest to save' schemes decreased from £8.03m to £7.93m during the period from April to September 2024.

Note: This is an Executive Function

Cabinet Member: Councillor P Collins, Cabinet Member for Finance, Assets and Investments.

33 Southend-on-Sea City Council Corporate Performance - Report Quarter 2

The Committee received a report of the Executive Director (Strategy and Change), by way of pre-Cabinet Scrutiny, that presented the Corporate Performance Report for Quarter 2 of 2024/25 (July to September 2024). This covered the Key Performance Indicators (KPIs) which aligned to the corporate priorities set out in the Corporate Plan 2024-2028 and highlight the Council's overall performance against agreed corporate priorities.

There was a brief discussion on the indicator of higher number of households in temporary accommodation and the actions being undertaken to reduce this pressure. Councillor J Moyies asked for a written response as to whether it was a national or local challenge, to which the Leader of the Council explained that this subject had been a focus for the Portfolio Holder through their working party and that an update would be shared to members or an invitation extending to Councillor J Moyies (if this matter was on the agenda for the next meeting).

Following the discussion, officers explained that they would prepare a response for Councillor M Borton regarding the work the authority was doing with the Ministry of Housing, Communities and Local Government (MHCLG) regarding reducing reliance on temporary accommodation.

The Leader of the Council responded to questions which were raised in regard to the changing of commentary and re-alignment of metrics that support the Corporate Plan, in comparison to the previous quarter, specifically the correction to the target relating to CP02.07 'tree net gain in the City.' Members sought reassurances that the target value metrics would not change being reporting periods so that 'like for like' comparisons could be made.

Councillor T Cox observed that in the previous year regular budget capital challenge sessions had been held with all Group Leaders and requested whether these could be arranged for this financial year to include representation across the political spectrum. The Cabinet Member for Finance, Assets and Members explained that this work was being undertaken through the Members Resource Panel, however he would look to see whether the Terms of Reference or proportionality needed to be updated to enable an invitation to be extended to group leaders.

Resolved:

That the report to Cabinet be noted.

This is an Executive Function

Cabinet Member: Councillor D Cowan, Leader of the Council

34 Corporate Risk Register

The Committee considered the report of the Executive Director (Strategy & Change), by way of pre-Cabinet scrutiny, presenting the Corporate Risk Register as at October 2024.

The Committee asked a number of questions which were responded to by the Executive Director (Finance and Resources), the Leader of the Council and the Cabinet Member for Finance, Assets and Investments.

There was a debate on the reported residual risk score and whether the scoring should be escalated from 3 to 4, level 4 being the same position as the previous reporting period. The report highlighted the reasons for the de-escalation and the effective arrangements for the management of the risk. During the debate, some Members of the Committee urged the Cabinet to return the risk score back to a level 4.

At 10.00pm the Committee agreed to suspend Council Standing Orders (Part 4(a)(iii) procedure rule 7) to allow the Scrutiny meeting to continue beyond the 3 ½ time limit to consider the remaining items of business on the agenda.

A motion was proposed by Councillor J Moyies and seconded by Councillor T Cox, which read as follows:

To strongly urge the Cabinet to escalate the risk level and change the risk register rating to a level 4. In addition, to urge Cabinet to undertake a detailed assessment around all the Council's risk exposure, with particular focus to those red indicators.

In response the Leader of the Council highlighted that the risk score was determined by Senior Officers of the authority along with an external review from Zurich, and it would not be appropriate for Cabinet to change the score, as it would conflict with officers' professional judgement. It was highlighted that the recommendation was for Cabinet to note the revised Corporate Risk Register, the

position in October 2024, and to support the actions being taken to mitigate the risk

The Chair advised a vote would be undertaken by a simple show of hands on the new proposed recommendation to Cabinet, as set out above, the results of which were:

For: 6

Against: 7

Abstained: 1

The Chair declared that the motion was lost, and the recommendation as printed in the report stood. Thereafter, Committee noted the report and recommendation to Cabinet.

Resolved:

That the report and recommendation to Cabinet, be noted.

1. It is recommended that Cabinet note the revised Corporate Risk Register and the position in October 2024 outlined in Appendix 1 and supports the actions being taken to mitigate the risks.

Note: This is an Executive Function

Cabinet Member: Councillor P Collins, Cabinet Member for Finance, Assets and Investments.

35 Revised Shareholder Agreement

The Committee considered the report of the Executive Director (Strategy & Change), by way of pre-Cabinet scrutiny, presenting a new Shareholder Agreement and updated Partnership Agreement of Southend Care Ltd.

Councillor Cox queried whether the agreed dates set out in the associated action plan had been met, and if there would be a commitment for the action plans for these wholly owned companies to be made available for Scrutiny so that Members could be assured that any actions were on target.

In response the Leader advised that the action plan was reviewed by the Shareholder Board (with delegation from Cabinet to Shareholder Board), and as a result this was the appropriate governance pathway for the report. It was noted that Shareholder Board was not a decision-making body and that the minutes were referred to Cabinet.

Councillor Cox requested that the next Shareholder Board meeting receive an update on the associated action plans to determine whether the actions had been met and were on target, and for an update to then be provided to Cabinet, thereby allowing Members to scrutinise this process through the minutes of Cabinet.

The Leader of the Council confirmed that he would look to add this matter to the agenda for the next meeting of the Shareholder Board.

Resolved:

That the report and recommendation to Cabinet be noted.

It is recommended that Cabinet:

1. Approve the Shareholder Agreement and Partnership Agreement for Southend Care Ltd.

Note: This is an Executive function

Cabinet Member: Councillor D Cowan (Leader of the Council)

Chair: _____