

## MINUTES OF A MEETING OF THE COMMUNITY AND CORPORATE OVERVIEW AND SCRUTINY COMMITTEE HELD ON 2 OCTOBER 2023 FROM 7.00 PM TO 10.25 PM

### **Committee Members Present**

Councillors: Chris Johnson (Chair), Peter Dennis (Vice-Chair), David Cornish, Norman Jorgensen, Pauline Jorgensen, Charles Margetts, Alistair Neal and Marie-Louise Weighill

### **Other Councillors Present**

Councillors: Prue Bray, Imogen Shepherd-DuBey and Shahid Younis

### **Officers Present**

Dave Allen (Lead Specialist - Communications, Marketing & Engagement), Richard Bisset (Lead Specialist - Place Clienting), Stephen Brown (Assistant Director, Environment & Safety), Neil Carr (Democratic & Electoral Services Specialist) and Graham Ebers (Deputy Chief Executive) and George Framallicco (Director, Place & Growth)

### **35. APOLOGIES**

Apologies for absence were received from Ian Shenton (Executive Member for Environment, Sport and Leisure).

### **36. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 4 September 2023 were confirmed as a correct record and signed by the Chair.

### **37. DECLARATION OF INTEREST**

There were no declarations of interest.

### **38. PUBLIC QUESTION TIME**

There were no public questions.

### **39. MEMBER QUESTION TIME**

There were no Member questions.

### **40. MEDIUM TERM FINANCIAL PLAN - STRATEGIC OVERVIEW**

The Committee considered a report, set out at Agenda pages 17 to 28, which provided the strategic context for the Committee's scrutiny of the Budget setting process for 2024/25.

Imogen Shepherd-Dubey (Executive Member for Finance) and Graham Ebers (Deputy Chief Executive and S151 Officer) attended the meeting to present the report and answer Member questions.

The report stated that the Council, along with other local authorities across the country faced unprecedented challenges in setting a balanced budget for 2024/25. Inflation had continued to cause financial challenges in a number of areas: utilities, construction, pay, contracts for services amongst many other rising costs linked to a Consumer Price Index (CPI) which remained in excess of 6%. Conversely, the Council's primary source of income, Council Tax, was capped at 2.99% and other key lines of income such as car parking and leisure continued to be affected by the long-term impact of Covid 19. The Council remained the lowest funded unitary authority in the country. There were also extreme pressures on statutory services as a result of numerous issues, including;

refugees, a requirement to supply increasing homes under the Planning Framework, the cost of living crisis and a particularly local incidence of rising costs relating to SEND (special educational needs and disabilities).

The report stated that these issues would inevitably manifest into growth bids which would be presented to the Committee for consideration. The Committee was asked to consider these proposals in the light of the unprecedented challenges facing the Council. The Committee was also asked to consider new initiatives aimed at reducing the current Revenue budget gap of c£5m and the Capital funding gap of c£34m.

A further report was included later in the Agenda which provided details of the Council's level of reserves held to address specific and general risks. This report explained the pressure on reserves across the sector and the assurance provided by the provision of adequate reserves as part of setting a safe Budget. Although the Council's level of reserves was reasonably high, it was not immune from the significant increase in unit costs and levels of demand relating to statutory services.

The report stated that this Strategic Overview report would be followed by more detailed, service-specific, Revenue and Capital reports to the Committee between 30 October 2023 and 16 January 2024. The final Budget would then be submitted to the Executive and Council on 24 February 2024.

In the ensuing discussion, Members raised the following points and questions.

What assumptions were made in the MTFP for inflation? It was confirmed that the MTFP summary included £11m for inflation. This included provision for the annual pay award at 4% and Adult Social Care inflation at 6%. The remaining elements were a combination of factors, similar to previous reports. It was noted that the pay award provision was insufficient, so that would have to be picked up next year. The £11m provision could be broken down with a background summary for each budget line.

Could the base budget be included in the figures in order to provide a framework for any proposed growth or savings? It was confirmed that the individual bid templates had been amended to show the base budget. This could also be provided for the MTFP summary.

In relation to the Capital Summary - £228m was re-profiled into 2024/25. What was the make-up of this figure? It was confirmed that the £228m had already been approved in the Capital Programme and re-profiled. By way of context, the Community Investment Fund had been agreed by Council at £200m. This was the approved allocation, not necessarily permission to spend. The £228m was a mixture of existing reserves (part of the working balance) and new borrowing. New borrowing only took place when needed – this minimised exposure to the current high interest rate environment.

The budget assumptions in the report set out a £5m gap in 2024/25, a further £5m gap in 2025/26 followed by a £1m gap in 2026/27. What was the reason for this levelling off? It was confirmed that the levelling off related to a modest assessment of the impact of inflation in Year 3. It was clear that a paradigm shift was required if local authorities were to continue into the future. This required a greater focus on prevention and self-sufficiency.

There were clearly major growth pressures in Children's Services and Adult Social Care – what steps were being taken to manage these cost pressures? It was confirmed that initiatives such as the two new SEND schools were positive. Members would receive more

details when the detailed service reports were submitted. Members would be able to raise the question of options for the sale or reconfiguration of capital assets.

In relation to overspending service areas, what steps were being taken to bring those services back on budget? It was confirmed that a range of measures were being implemented including not filling vacant posts (vacancy factor) in order to generate in-year savings. Services were looking at a range of options around doing things differently in order to become more efficient and effective. Details of the savings achieved in 2023/24 would be provided to Members as part of the Budget Scrutiny process.

**RESOLVED** That:

- 1) Imogen Shepherd-Dubey and Graham Ebers be thanked for attending the meeting to present the report and answer Member questions;
- 2) the unprecedented financial challenges faced nationally by Local Government and the subsequent impact on Wokingham Borough Council, together with the particular challenges for the Borough, be noted;
- 3) the imperative for responsible financial management be recognised and supported;
- 4) further challenge to MTFP proposals and identification of ideas to address the current financial shortfall, be developed through the Budget Scrutiny process;
- 5) the Reserves report, included in the agenda pack, and how the level of reserves is a key component to the strategic approach to financial management and the overall MTFP, be noted.

**41. PROPOSED APPROACH FOR THE STREET CLEANING AND GROUNDS MAINTENANCE SERVICE REVIEW**

The Committee considered a report, set out in the Supplementary Agenda, which gave details of the outcome of a public consultation and engagement exercise relating to potential changes and associated savings relating to the Council's Street Cleaning and Grounds Maintenance services.

Steve Brown (Assistant Director for Environment and Safety) and Richard Bisset (Lead Specialist – Place Clienting) attended the meeting to present the report and answer Member questions. In the absence of the Executive Member for Environment, Sport and Leisure, Prue Bray (Deputy Leader and Executive Member for Children's Services) attended the meeting.

The report stated that, earlier in the year, work was undertaken with the Council's street cleaning and grounds maintenance contractors to identify potential service efficiencies relating to the respective services. Options included reduction of the number of litter bins and reduced emptying frequencies, reduced road and footpath sweeping, reduced town centre cleaning, reduced cleaning around bottle banks and reduced grass cutting frequencies.

The work with contractors identified that there could be significant savings for both street cleansing (c£200k – excluding the removal of litter bins) and grounds maintenance (c£100k). In July 2023, the changes were implemented by the respective contractors to begin realising the savings. However, the method of implementation was not compliant

with established Council protocols and this oversight meant that a formal decision-making process was now being revisited with formal consultation, followed by a report to this Committee and the Executive.

The report stated that the public consultation had generated 1,650 responses alongside engagement with Town and Parish Clerks and CLASP (Caring, Listening and Supporting Partnership). The Borough-wide consultation ran from Monday 14 August to Sunday 10 September 2023. The responses covered all aspects of potential savings and flagged potential impacts. The full results of the consultation were appended to the report. Feedback included constructive and insightful comments which would be considered and, where possible, incorporated into existing activities. These included:

- Campaigns to support behaviour change to prevent litter and fly tipping;
- Increasing Anti-Social Behaviour enforcement (fixed penalties for littering);
- Increasing support for volunteer groups participating in environmental clean-up initiatives;
- Increasing joint initiatives with Town Councils to support town centre presentation.

In addition to the public consultation, the discussion with CLASP aimed to understand how the changes could affect those residents with disabilities. This feedback helped to shape the Equality Impact Assessment – also appended to the report.

Consultation with Town and Parish Councils featured three sessions in August and September 2023. There were several positive and constructive suggestions for a collaborative way forward such as possible local support i.e. assistance of staff to undertake some services such as litter bin emptying. The opportunity to conclude these discussions and explore efficiencies, service improvements and localisation of some services would continue. However, proposals relating to litter bins were the key concern and this was echoed in the public consultation. Other areas of proposed reductions raised concerns but not to the same level.

The Committee was asked to consider the results of the public consultation and the associated engagement with key stakeholders and to make recommendations to the Executive, as appropriate. Draft proposed service reductions for consideration by the Executive were set out on pages 10 and 11 of the report. These proposals did not include the removal of litter bins and the reduction of bin emptying frequencies. It was also noted that a petition relating to the possible removal of litter bins would be debated at Council on 19 October 2023.

In the ensuing discussion, Members raised the following points and questions.

It was clear that the number of consultation results (1,650) constituted less than 1% of the Borough's population and, as a result, was unlikely to provide a representative view of resident opinions. Officers commented that this level of responses was not uncommon in similar local authority consultation exercises. However, some useful qualitative responses had been received allied to positive discussions with Town and Parish Councils. It was noted that the consultation exercise was not the same as a referendum on the potential service changes.

It was noted that the original process relating to proposed service changes and associated savings had been flawed and that a sensible decision making process had now been established, involving consultation, engagement and scrutiny prior to referral to the

Council's Executive. It was confirmed that the range of constructive/innovative comments generated by the consultation and engagement exercise would be included in the Executive report.

Members noted that there was most public concern about the potential removal and reduced emptying of litter bins. It was suggested that, if the proposal to remove bins went forwards, there should be a further review of locations, as the current list did not appear to make sense. It was further suggested that the proposals relating to bins be put on hold pending a Borough-wide review of locations and frequencies, possibly via a Scrutiny Task & Finish Group. This could include proposals to the Executive for a more joined-up, streamlined service, with input from Town and Parish Councils and other local stakeholders.

Members highlighted the importance of effective communications with residents about these key local services. As an example, it was felt that more could be done to communicate with residents on the grass cutting service. This could include more clarity on grass cutting frequencies, locations and quality standards. There remained potential for more effective use of IT and the Council's new website. Another issue was communication with residents on new housing developments in relation to the requirement for the adoption process to be completed before bins were emptied.

Opportunities for greater commercial involvement should also be investigated, for example in relation to shops and food outlets taking responsibility for the provision of bins outside their premises. This could be pursued through the existing planning and licensing regimes.

**RESOLVED** That:

- 1) Prue Bray, Stephen Brown and Richard Bisset be thanked for attending the meeting to present the report and answer Member questions;
- 2) the following recommendations be submitted to the Executive:
  - that the reduction of litter bins and frequency of emptying some bins is not implemented;
  - that the proposed service reductions on Pages 10-11 of the Overview and Scrutiny Committee report be approved;
- a) the Committee establish a Task & Finish Group, later in 2023/24, to scrutinise the provision and emptying of litter bins across the Borough and submit its recommendations to the Executive in due course.

#### **42. MTFP - RESERVES**

The Committee considered a report, set out at Agenda pages 29 to 40, which provided a summary of the Council's financial reserves.

Graham Ebers (Deputy Chief Executive and Chief Finance Officer) and Imogen Shepherd-Dubey (Executive Member for Finance) attended the meeting to present the report and answer Member questions.

The report stated that the term "reserves" applied to both the General Fund reserve and earmarked reserves. Earmarked reserves were reserves allocated to ensure that there

were sufficient funds available to cover specific risks. In some cases, these reserves had been built up over a period to cover a specific expenditure the Council expected in future years, in order to smooth the revenue impact. The General Fund reserve covered more general risks that may be faced across the Council. The Housing Revenue Account had its own separate reserves. There are also reserves associated with the Dedicated Schools Grant.

The report stated that part of the role of the Chief Finance Officer was to assess whether the level of reserves was adequate. This assessment was carried out in conjunction with relevant lead officers. The Chief Finance Officer had a statutory duty to ensure the Council's finances were "fit for purpose" under Section 151 of the Local Government Act 1974. The Council's Medium Term Financial Plan (MTFP) included details of the various reserves and their projected balances. Appended to the report was a table which set out the type of reserve, its justification, the estimated balance at 31 March 2024 and any ongoing financial risks.

The report stated that the requirement to ensure fit for purpose finances was reinforced by Section 114 of the Local Government Finance Act 1988. This required the Chief Finance Officer to report to Members if there was, or was likely to be, unlawful expenditure or an unbalanced budget. This would include situations where reserves had become seriously depleted and it was forecast that the authority would not have the resources to meet its expenditure in a particular financial year. The report detailed the overall position and considerations taken in respect of reserves and how the financial values required were set strategically to balance the level of risk from across the organisation's operations and approach to investment.

In the ensuing discussion, Members raised the following points and questions.

How did the Business Rates Reserve operate? It was confirmed that this reserve mitigated against risks such as changes in collection rates, the level of appeals and bad debts and changes in Government policy on rates payable. At present, the Council was able to retain 49% of the Business Rates collected. Associated risks including the over-charging of Business Rates – one Council had faced a £10m cost.

In 2022/23, the Waste Equalisation Fund had been used to support other Council expenditure. What level of flexibility existed in relation to the use of the various reserves? It was confirmed that the level of flexibility depended on the type of reserve. The Executive and Council held powers to authorise the transfer of reserves to different areas. Decisions to increase or reduce reserves were reflected each year in the MTFP. This followed considerations about affordability and the balance of risk, for example the impact of Covid-19, the war in Ukraine, the cost of living crisis and the risk of contractors going bankrupt.

In addition to the reserves set out in the report, did the Council hold any other reserves? It was confirmed that the reserves outlined in the report related to Revenue. The Council also held earmarked Capital reserves of £7.9m. The total level of Revenue reserves was around £100m against the Council's net operating costs of around £140m.

**RESOLVED** That:

- 1) Imogen Shepherd-Dubey and Graham Ebers be thanked for presenting the report and answering Member questions;

- 2) the reserves position set out in the report be noted in the context of the strategic approach to setting the MTFP for 2024/25;
- 3) the level and sufficiency of reserves be noted as part of the annual disclosure in the MTFP and the process for setting a safe Budget for 2024/25;
- 4) the Committee receive an annual update on the Council's Revenue and Capital reserves, including details of variations from year to year.

#### **43. ACTION TRACKER**

The Committee considered the regular Action Tracker report, as set out on Agenda pages 41 to 44.

In relation to the Item on Highways and Transport Customer Service (September 2023) it was agreed that a follow up session be requested and added to the work programme for the Committee's meeting in March 2024.

**RESOLVED:** That the Action Tracker report be noted.

#### **44. WORK PROGRAMME**

The Committee considered its work programme for 2023/24, as set out at Agenda pages 45 to 53.

Members noted that an extraordinary meeting would be held on 9 October 2023 in order to scrutinise the draft Local Transport Plan 4 (LTP4).

Members requested an additional item on the use of Council buildings across the Borough. This would include details of the range and location of buildings, types of use, costs and income generation opportunities.

**RESOLVED:** That the Committee's work programme for 2023/24, as amended, be approved.

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