

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
OVERVIEW AND SCRUTINY BOARD

Minutes of the Meeting held on 31 January 2022 at 6.00 pm

Present:-

Cllr S Bartlett – Chairman

Cllr V Slade – Vice-Chairman

Present: Cllr L Allison, Cllr L Dedman, Cllr B Dion, Cllr J Edwards, Cllr D Farr,
Cllr S Gabriel, Cllr M Howell, Cllr D Kelsey, Cllr T O'Neill,
Cllr C Rigby, Cllr A M Stribley and Cllr M Cox (In place of Cllr M Earle)

156. Apologies

Apologies were received from Cllr M Earle.

157. Substitute Members

Cllr M Cox substituted for Cllr M Earle.

158. Declarations of Interests

None received

159. Public Speaking

There were no public petitions.

There was one public question received from Mr Bantock regarding agenda item 5, Scrutiny of Finance Cabinet Reports, as follows:

The inflation rate increase may lead to more strained household budgets. The combined effects of Brexit, Covid, energy crisis and climate change may result in a similar or worse financial crash to 2008. Pay rises without increased productivity will drive inflation higher leading to higher interest rates. I feel that BCP will have to deal with more unpaid council tax when the energy cap rises and NIC contributions and council tax increases.

I believe that your capital projects increase realisations may be overoptimistic and you may need to increase your capital reserves to cover any losses caused by events.

In view of all these risks, surely your budget increase ought to be increased by a further 1.99%?

The Chairman of the Overview and Scrutiny Board advised that a response to the question had been provided by the Leader of the Council as follows:

“Thank you for your considered question. We do strongly note your concerns about current levels of inflation and those very real pressures are one of the many reasons why we are committed to keeping council tax as low as we're able to whilst still providing record investment in our services to vulnerable people. Our

low council tax policies in this and our previous budget have collectively saved our Residents over £11m over two years.

We have a significant asset base and believe that there is opportunity to look to utilising those assets more commercially in delivering long term financial sustainability before stretching the council taxpayer further."

The following Public Statement has been received from Mrs Chapman, local resident:

BCP's residents face a 4% council tax increase despite government's maximum of 3%. The harmonisation programme allowed some deferrals.

So the alleged savings of £45.3 million needs to be looked at extremely sceptically as councillors have noted. BCP residents must be told the truth about where their money is going.

160. Scrutiny of Finance Related Cabinet Reports

The Chairman introduced this item and advised that the **Budget and Medium-Term Financial Plan (MTFP) 2022/2 and Housing Revenue Account (HRA) Budget Setting 2022/23 would be taken together** and asked all parties in the meeting contribute to a constructive discussion of the issues in a respectful way. The Chairman then invited the Leader of the Council to introduce the reports. The Leader and Portfolio Holder for Transformation and Finance presented the reports, copies of which had been circulated to each member and which appear as Appendices 'A' and 'B' to these minutes in the Minute Book. The Portfolio Holder and Chief Financial Officer responded to comments and questions from the Board, details included:

- A Councillor advised that residents views that they had been made aware of included that the issues outlined in the budget were not what the Council should be focused on, that much of the content went against sensible financial practice, that loans were being used to hold down council tax at the cost of borrowing, which was effectively financial engineering and that Councils should be run service providers rather becoming involved with issues they shouldn't be. The Leader responded that the Council would be investing £50million and would deliver in the region of £1billion of savings over a 20-year period. They felt that this was good financial planning and the right thing to do at this time. However, it was understood that it was a choice regarding the level of council tax set.
- The Chairman commented on the cost of transformation and the mechanism being used to fund it. The cost had increased significantly with savings being realised at the end of the time-period. It was noted that there were risks and that this was not what people were used to which had raised a number of concerns about this approach. A Councillor commented on the Section 151 financial warning flags across the report. The Leader responded that it was fair to say that this was a step change in financial strategy. The Council, now the tenth largest unitary authority in the country, was a very different organisation to the preceding authorities. The Council was not selling off assets in order to ensure that they would be retained for future generations. The Leader acknowledged that comments made around transformation were valid, but the programme was fundamental in achieving 5-year and ongoing financial sustainability. The Council was now in a position of looking towards a solid, balanced 5-year Medium Term Financial Plan, which was not a position the

Council had always been in. It was noted that the level of debt for the Council was much smaller than other councils of a similar size.

- The Leader advised that the Council would be delivering investment and retaining assets with utilising what was available to invest in future savings.
- A Councillor commented that the lower council tax increase was only positive if services were fully and regularly delivered. It was noted that savings had not been achieved previously and there were assumptions made in the report in terms of increases in inflation and the Leader was asked whether it would be possible to achieve the indicated savings for future years. The Leader commented that the Council was moving towards being £50million per year more efficient with the support of the fantastic partner the Council had in KPMG. The current administration had taken over in the middle of the pandemic and needed to look at what should be taken forward in terms of the transformation programme. It was crucial that transformation was done right and not rushed. Therefore, certain changes in terms of savings were taken in particular to ensure that systems were in place to make the changes effectively and reduce pressures before moving forward. There needed to be an understanding on a service level transformation in order to find extra capacity within Children's and Adult services, in order to fund longer term savings. The Leader commented that they did not feel the need to increase council tax and it was entirely right to look at a low council tax increase in the current climate. The Council were not selling assets and wanted to create a sustainable financial strategy into the future.
- A Councillor commented that the report indicated a loss of £5.2million from the Bournemouth Development Company and questioned if there was an issue of mismanagement and failure on behalf of the administration. In relation to the Bournemouth Development Company the Leader advised that provision for £5.2 million had been made whilst the winter gardens scheme was reassessed.
- A Board member asked what the biggest challenges were regarding transformation. It was noted that the cost had significantly increased. This was due to additional staff needing to do transformation work but not able to do their current jobs. There were no issues five months ago with regards to the significant increases in the transformation costs. The Leader noted that there was very little headroom to move things forward and some extra space needed to be created to allow for transformation work. KPMG had requested that this needed to be done to move forward with transformation. It was explained that staff time allocated to the transformation programme would allow for it to be funded differently through the use of capital receipts. The Corporate Director for Transformation and Resources advised that he had stated previously that there would be a need for additional funding and it was noted that the overall costs for transformation were higher than when the programme was established nearly two years ago.
- Recording of staff time would need to be at a level acceptable to auditors. A majority of the mechanisms needed for this were already in place.
- Issues were raised concerning the flexible use of capital receipts particularly in relation to the proposals regarding beach huts. The Chief Financial Officer advised that section 63 of the report showed that £5.5million had already been received in capital receipts and there were other known receipts which were working through the system which would provide approximately £12 million additional funding available for service transformation.
- The government had stated that there would be some changes to the guidance in relation to the flexible use of capital receipts but this had not yet been received, the current regulations were due to expire on 31 March 2022, information received in respect of the local government finance settlement was that the government intended to extend the regulations and current criteria.

- A Board member questioned whether the existing staff being utilised for the purpose of transformation were either not doing the job they were supposed to be doing or was it intended to make them redundant at the end of the transformation process. It was felt that sooner or later Flexible Use of Capital Receipts - FUCR regulations would be withdrawn. It was reiterated that the Council could not keep selling off things to pay for the way we live and according to the budget the Council was not living within its means to the tune of £20-30million. The non-traditional approach being utilised needed to be thought about very carefully. The Chief Financial Officer clarified that the regulations were introduced in 2016 and not as a consequence of the covid pandemic.
- There were concerns raised about sale of beach huts to another company but there was no information about whether this would be a wholly or majority owned company. It was noted that this had yet to be confirmed but the Council would retain control of any company. The Council would be keeping more money in the pockets of residents. There would be an opportunity to consider how beach huts were funded in future.
- A Board member commented that the budget was using additional reserves to support spending, including earmarked reserves. It was putting £700k into one reserve and taking out £30m from another reserve. An increase in Council tax would be preferable to other measures being taken. The Leader responded that the Council was being more ambitious in terms of transformation and currently there was the ability to finance and fund this better than previously. The Leader confirmed that he felt a lower increase in council tax was preferable.
- In responding to the query the Leader advised that the Council was below average in terms of reserves and was currently increasing its unearmarked reserves.
- A Board member noted that Future Places started less than 6 months ago and there was already £1.7m in salaries for part-time staff, not even living in the area. The Leader felt that this demonstrated confidence in the Council as it had been able to attract a fantastic team of nationally significant and renowned people. The Council was investing more into this and asking them to do more for it. The Leader expected that there would be ambitious projects coming forward in the next 12 months.
- In response to a query the Leader advised that he had asked for areas in Adults and Children's Social Care to be looked into and space created to address the increases in budget pressures in these areas. Investment was needed in this area to ensure that the service areas could be doing the things they wanted to do and change the way some of the services had been delivered.
- A Councillor commented that they supported the intention of keeping the increase in council tax down, but a number of residents had expressed discomfort with the large risks being taken compared to previous budgets.
- In relation to beach huts a Board member questioned how the sale would affect the loss in rental revenue. The Leader advised that they would be taking the majority of funding up front and then banking £3m per year over the next several years. The risk was negligible in terms of an income generating asset and it was guaranteed that there would be more investment in the beaches with a better product. The Chief Financial Officer advised that section 77 of report outlined securitisation of the income stream. The proposal related to £5.1 of net income from beach huts. The Council would give the company a loan with a repayment of £0.7m per annum. Further detail would need to come forward on the issue of beach hut projects which were already subject to the repayment of prudential borrowing.

- There were further concerns raised with the increased cost of transformation and also staff engagement and satisfaction with the way things were progressing. The Leader advised that there were previously working with a net nil cost position around staffing but in terms of increased confidence around finances the intention was now to deliver extra investment into staffing when the point of delivery of savings were reached. The Leader advised that they were trying to take transformation forward in the right way to ensure that savings and efficiencies were made at the right time. The Chief Financial Officer advised that the table at figure 5 of report indicated that the pay and grading project had a cost of £9.1 million in the year 2024/25.
- A Board member commented that the area was a leading destination but there was a need to invest in services as there were areas in need. More ambition was required as assuredly the Council could not continue as currently if there was a need to generate future savings. The Leader agreed that there were areas of the conurbation which required investment, places needed to be brought up to the standard of the natural environment.
- A Board member asked about the rules on debt as advised by government, what the permissible level was and how the risk was considered in terms of the budget due to inflationary pressures. The Council was currently at the bottom of the third quartile of councils in terms of debt levels. There was significant headroom to invest further. The Chief Financial Officer advised that it was the Council's duty to set its own debt limits. The Council had decided to extend its debt limits to provide extra headroom in addition to that already in place. The Board was advised of the Council's allocated debts and that there was currently £18.5 million of unallocated debt. There would be a flexibility to renew this on an annual basis to allow the Council to meet future challenges
- A Board member raised concerns regarding the overall approach to the budget and use of public money and related concerns raised by residents. The Leader responded that there was nearly £25 million extra being invested this year. The Council was committed to delivering services particularly for adults and children. Although some were not happy with the approach it did not mean that it was not in the residents' interest for the Council to be commercially driven. It would mean that the Council could continue to invest in those services for vulnerable people. The Leader agreed that it wasn't our money and that was why it was important to take as little of that money as possible.
- A Councillor commented that when the Leader referred to the Council's assets a number of these were not really financial assets, for example Poole Park was not an asset which generated income or would hopefully ever be sold. The Councillor asked whether there were other assets which could be considered to be utilised in the same way the beach huts were. The Leader commented that it was important to utilise assets in order to maximise value from them such as with plans for Poole or Christchurch Civic Centres. Assets would not be disposed of unless they were really surplus and not required, further capital receipts were not required at present.
- It was noted that there was an additional £5 million allocated to the Winter Gardens scheme, this was a challenging scheme but was on target. However, according to the report additional options were continuing to be explored. The Leader was asked to what extent was the design being redeveloped and if the original scheme was no longer deliverable. The Board was advised that this was not new money, but it was prudent to recognise that the money had been spent. The Winter Gardens was a great scheme, and it would be excellent if delivered on the site in isolation, but the future places team had been asked to look at all the key sites and move this forward.
- A Councillor requested further information on the proposals for beach huts and plans for the company which will own and run them, for example would rents

be increased in future or would there be controls in place. The Leader advised that the Council would be the controllers of the company and could decide who would be directors and whether there would be any remuneration. There would be an investment in these assets, and this should be beneficial to beach hut owners. Businesses were not just set up to make profits but to do what the Council want them to do. Rental increases were unlikely to be affected any differently from how they were at present in Council ownership.

- There was a concern raised that there was no report on the beach huts along with the budget report. Much of the information provided by the leader on this issue was not included within the report and they had been advised that this information hadn't yet been decided. The report referred to a dividend which would be paid back to the Council which indicated that there would be a profit from this and that the company would have to pay tax on this. The Leader advised that he knew what he wanted to bring forward on this but there was no paper written. However, part of due diligence on this would be to get behind and to clarify the situation which may depend on the type of company and how it was formed.

Following the questions and debate a motion was put and seconded that the Overview and Scrutiny Board expresses its concern over the disposal of beach huts into an SBV and request the cabinet to think again and that the Board ask Cabinet to look for more options to reduce risk, increase savings and increase sustainable income.

There was some debate on the motion and concerns were raised that it was too narrow in its focus and should be concerned by the wider capital approach. Others supported the recommendation as action needed to be take now. The Chairman commented that the report did outline that the position on beach huts would have to be revisited if necessary. Following consideration, the motion was put to the vote which was lost.

Voting: 6 in favour, 7 against, 1 abstention

A further motion for a recommendation to Cabinet was then put, that the Overview and Scrutiny Board:

RECOMMENDED: That the administration develops a Plan B in the event the government cancels the FUCR regs or amends them leaving a hole up to £54 million in the 2022/23 budget.

Voting: 7 in favour, 7 against.

The Chairman used his casting vote to carry the motion.

2021/22 Budget Monitoring at Quarter 3 – The Leader of the Council and Portfolio Holder for Transformation and Finance presented the report, a copy of which had been circulated to each member of the Board and which appears as Appendices 'C' to these minutes in the Minute Book. The Portfolio Holder and Chief Financial Officer responded to comments and questions from the Board, details included:

- It was noted that the £3million missing from the transformation savings were not referred to within the report which raised concerns on meeting savings targets in the future. A Councillor commented that although £40 million in savings had already been made the next tranche of savings would be

significantly harder and would end up driving the Council into bankruptcy. The underlying features of the report indicated another £9million of overspend in the current budget. The Leader said that the financial position had improved so much that a positive choice could be made on the transformation programme and it could be delivered in the right way.

- A Councillor referred to shortages in the Adult Social Care workforce which had resulted in a £1million saving in the budget. It was suggested that these needed to be filled to provide adequate care to elderly and vulnerable adults. The level of vacancies indicated that the market rate for the jobs needed to increase. This seemed to be setting the service up for an overspend in future. The Leader commented that there were real pressures on wage inflation with staff and to address this the Council were looking at options with Tricuro and recruitment options with the university. Investment in staff were important and there was over £9million of investment moving forward.
- A Board member commented on services for children and young people in BCP. Councillors had recently received a briefing on complex needs of children in BCP and children were in danger of getting lost due to gaps in the provision across different areas of the conurbation. More responsibility needed to be taken for this. A mapping exercise had been launched to identify gaps and this would result in an increase in costs. The Chairman advised that this issue should be taken up with the Children's Services O&S Committee.

The meeting adjourned at 9:03pm and resumed 9.11pm

161. Scrutiny of the Corporate Strategy Cabinet Report

The Leader of the Council and Portfolio Holder for Transformation and Finance introduced the report, a copy of which had been circulated to each member of the Board and which appears as Appendix 'D' to these minutes in the Minute Book. The Portfolio Holder and Chief Financial Officer responded to comments and questions from the Board, details included:

- A Board member commented that it was understood that Christchurch street lighting was not currently with a renewable provider as opposed to it being indicated within the report that all electricity would be with a renewable provider. It was suggested that an officer would need to respond to the detail on this issue.
- The report stated that food waste provision would be unified across the Council by April 2023, it was understood that there was an intention that environment act would bring everything forward by 2023 but there was no funding for this until 2025. The Leader confirmed that it was the ambition to level up and was now a commitment in the strategy. However, the confirmation on funding was still awaited from the government.
- A Councillor asked about the section on dynamic economy which indicated that the future of the Winter Gardens would be determined and the impact on the partnership with Morgan Sindel and associated risks. There was an ambition around dynamic places which was now being fully resourced. The funding indicated was the full cost of the Winter Gardens spent to date. There was a future places scheme in place to look at this and all other sites as well.
- The report indicated the adoption of the Local Plan would be finalised by April 2023 – but the timeline indicated April 2024, the Leader suggested it was probably a typo and would be amended.
- The report indicated that the Youth Strategy would be finalised by March 2022 but this was not coming to Overview and Scrutiny until April. The Leader noted this and confirmed that April was correct.

- A Councillor commented that the report indicated that the high needs block would be balanced by March 2023 but this hadn't been indicated previously. The High Needs Block did need to be addressed. There was more capital investment into schools along with the service-based transformation.
- The Accountable Council section referred to digital tools but at the moment there was a lot of disappointment from residents that there was a lack of traditional engagement and a push towards digital tools when this was not a viable option for everyone. There was an ambition to be an entirely digitally enabled authority but there was also significant investment going back into telephony and improving the customer offer on this. A Councillor responded that there was a feeling of mistrust amongst some residents particularly in relation to issues such as the Local Plan and Seafront Strategy. The Leader suggested that hubs in libraries would increase provision in more desirable locations. The Leader also advised that he would take back the issues raised around consultations to the relevant Portfolio Holders.
- A Board member asked about a performance dashboard related to the issues within the Corporate Strategy Delivery Plans. This had been suggested previously and the Leader was asked if these could be included next time to more easily understand the position on these targets. The Leader confirmed that they were working on this and that the Chief Executive was also keen to move this forward.
- The Chairman commented on the recent series of articles on the Winter Gardens with a number of different issues raised around the forthcoming development and concern raised by the operator of the BIC in relation to this. The Chairman asked about the direct cost indicated and whether this also include accrued interest on loans.
- A Councillor commented that they were pleased to hear that the ambition to end poverty, protect the planet and ensure prosperity for all was part of the levelling up goal.
- A Board member questioned whether the access to leisure and learning policy would be spread across the whole area as it was currently only available in Poole. The Leader confirmed that it would be extended across the conurbation, but the Council was also looking further than this in terms of the futures fund around sport more generally and wanted to make a commitment to make sure the area had good facilities and invest further in terms of elite sport ability.
- A Councillor welcomed the proposed initiative to bring services closer to the people but questioned that the Christchurch Library Hub had been well received. In particular there were issues between different groups of staff using the building. The Leader had advised that he had received positive feedback and the Council were committed to delivering services in the heart of the community. The Leader welcomed feedback from local ward Councillors or anybody else on the issue.

The Chairman thanked the Leader of the Council for his responses and comments on all of the items at the meeting.

162. Forward Plan

The Chairman outlined the Board's Current Forward Plan and noted that it had been circulated to Board members prior to the meeting and asked if anyone had any comments.

Motion from Council - The Chairman reported that the Council at its meeting on 11 January had considered a motion from Councillor C Rigby copy of which had been circulated to each member of the Board and which appears as Appendix 'E'

to these minutes in the minute Book. Council had agreed to refer the motion to the Overview and Scrutiny Board. The Board was asked to consider whether or not to exercise its powers of scrutiny by adding further consideration of the motion to its Forward Plan.

The Chairman commented that the role of the O&S Board was to review and test and challenge Council policy and that he was not sure that this was something which Overview and Scrutiny should be looking into at present. It was suggested that it could be referred to the Cabinet. Following discussion on this issue it was suggested that it wouldn't be appropriate to make a recommendation to Cabinet and that if the Board were not going to add it to its Forward Plan it should be referred back to Council.

It was suggested that the reason the motion was referred to the O&S Board was to allow an opportunity to look into the impact that agreeing it would have on BCP. It was suggested that the O&S Board could request a report from the Council's new climate officer to be considered at a future meeting. A Councillor commented that they would want further information as to what the intentions were, of Council referring this issue to the O&S Board.

A concern was raised that, depending on action taken, a precedent may be set that motions would not be agreed without a drawn-out investigation. In this case the motion was for the Portfolio Holder to take some action and it would have been more appropriate for it to be referred to the Portfolio Holder directly.

Following further discussion, it was proposed that the motion should not join the O&S Board's Forward Plan and should be referred back to Council for further consideration.

RESOLVED: That further consideration of the motion does not join the Board's Forward Plan and that the motion be referred back to full Council for further debate.

In taking this decision the Board did not consider that it had current capacity within its work programme to commission a further piece of work and that it would be appropriate for the new O&S Place Committee, to look further at any issues arising from it following consideration of the original motion by full Council. It was suggested that referring the issue back to Full Council would allow the Portfolio Holder time to research the issue further and respond to any issues raised in the debate at full Council. Also, in reaching this decision the Board considered that it would be appropriate for the issue to be debated in full at a Council meeting by all members of the Council.

Forward Plan update – A Councillor asked about the Leisure Review which had now been removed from the Board's Forward Plan. It was noted that due to the impact of Covid this had been delayed and would be considered again in future.

It was noted that there was an error on the month for a Cabinet meeting in the Forward Plan and that this would be amended.

A Councillor asked about the outcome of the fly-tipping trial which was previously considered by the Board. The Chairman agreed to follow up on this and add to the forward plan if necessary.

A request was made to add an item to the Forward Plan on Future Places. It was noted that the Board had not seen the CEO or any staff. It was suggested that a

review of the actual organisation as opposed to its projects would be useful. There may also be an annual business plan to review. It was agreed that this issue should be added to the Forward Plan. A query was raised regarding when the Tree Management working group may be able to begin. It was noted that the Board only had capacity for one working group and the Enforcement Working Group was currently underway.

RESOLVED: That the Forward Plan be updated as detailed above and agreed.

163. Future Meeting Dates 2021/22 and 2022/23

The dates for future meetings were noted.

The meeting ended at 10.03 pm

CHAIRMAN