

# OVERVIEW AND SCRUTINY PANEL

MONDAY, 15 JANUARY 2024 - 10.00 AM



**PRESENT:** Councillor B Barber, Councillor G Booth, Councillor L Foice-Beard, Councillor A Gowler, Councillor A Hay, Councillor S Imafidon, Councillor Dr H Nawaz, Councillor D Roy and Councillor E Sennitt Clough

**APOLOGIES:** Councillor Mrs M Davis (Chairman), Councillor R Gerstner (Vice-Chairman) and Councillor Woollard

Officers in attendance: Paul Medd (Chief Executive), Peter Catchpole (Corporate Director and Chief Finance Officer), Amy Brown (Assistant Director) and Helen Moore (Member Services and Governance Officer)

In the absence of both the Chairman and Vice Chairman of the Overview and Scrutiny Panel it was proposed by Councillor Gowler, seconded by Councillor Barbar and agreed that Councillor Anne Hay act as Chairman for the duration of this meeting.

## **OSC27/23 PREVIOUS MINUTES**

The minutes of the meeting of 28 November 2023 were confirmed and signed.

## **OSC28/23 REVISED GENERAL FUND BUDGET AND CAPITAL PROGRAMME 2023/24 TO 2028/29; CAPITAL PROGRAMME 2024-2027**

Members consider the Budget report presented by Councillor Chris Boden

Councillor Boden paid tribute to the work done by Mark Saunders, stating his expertise and knowledge is second to none.

Members made comments, asked questions, and received responses as follows:

- Councillor Booth stated that there has been discussions over numerous years about how the budget should be set, what appears to be different this year from the report, the amount of loans we are going to have to take out for the capital programs in the future which the total estimated stated is around 30 million, he noted in the report it said, for every one million pounds borrowed this is going to have £100,000 cost with 5% of that due to interest and the other 5% is the capital repayment of those loans, that in itself explains where a lot of the deficit is going to rise in future years, in the medium term the Council is going to have to be paying off substantial loans over 20 years alongside some of the outstanding loans the Council already has which runs over 30 years. The concern Councillor Booth has is that this appears to be different to what has been presented in previous years but there has not been such a massive capital program presented to the Panel, although Councillor Boden has spoken today around what happens with the budget the Council appears to be heading towards quite high loan repayments that the Council are going to need to make to carry on with the capital investments, he stated supplementary to that this is something the Panel needs to seriously consider if the Council continue to run with this, for example in fees and charges the report talks about the Wisbech Port, there was a Working Task Group which looked into that, the issues with Wisbech Port is the income pays for the services but going back to capital investment it does not pay for the capital investment that is required, there is a figure quoted in the report of 50 million pounds,

the question asked by the Work and Task Group was whether the Council should continue with the Port. The Council needs to look at the services provided and as to whether the Port is sustainable in the long term. Councillor Boden responded he agreed the Council does need to look very carefully at the capital program, and what there is presented will have some amendments made for various reasons especially around what has been mentioned, the overwhelming majority of District Councils across the country finance their capital expenditure partially through disposals of assets but primarily through borrowing which is the usual way authority works, Fenland District Council has been in an exceptional position for a number of years but the Council will be coming out of this position in the same regime as the vast majority of other District Councils, not this year but certainly next year. In reference to the change to the capital and the impact on the deficit, the Council has been cash rich effectively paying up front for capital items which have a life span of 40 years which means most of the assets the Council has are deemed to have a useful life of 40 years with 40 years of benefit from the purchase so instead of those 40 years of benefits being accounted for each year it's all accounted for in the year of purchase, this does go against the accrual concept which is a basic concept in accounts and is made difficult in local authority financing because of the lack of depreciation within local accounts and the effective lack of depreciation, for example, in a company a charge of cost of an asset over the expected useful life of the asset is sent to the accounts each year that your using that asset, for local authorities it does not work the same way, when the Council makes a capital purchase out of cash however when making capital purchases out of borrowing then the situation reverts to a similar way to that of a Limited Company while the Council does not have depreciation there is a concept called minimum revenue provision and the minimum revenue provision evens out the capital borrowing cost across the estimated useful life of the asset, under the Government rules the MRP has maximized that at 40 years, this means the basic accruals concept which is missing when you are financing your capital expenditure out of cash then comes in effectively through the back door so each year the revenue account is hit by the amount of minimum revenue provision which is approximately the same which is similar in principle to depreciation although calculated in a very different ways that's why this linkage with the capital expenditure with the deficit maybe a slightly misleading way of putting it this is reverting to the idea that instead of accounting for capital expenditure in the year that it is acquired it will be accounted for the cost of capital expenditure over the estimated useful life of the asset. There has been a particular item come up in the last few months and is still ongoing to do with the opportunities give to the Council by Central Government on the Local Authority Housing Funds LAHF1 and LAHF2 this should give a figure of 4 million pound of expenditure incurred either at the end of 2023/24 or 2024/25 this will make financial sense for the Council and make a very significant difference in terms of both in quality of service provided for homelessness and also it will make a significant difference in terms of cost to the Council in terms of homelessness which can amount to hundreds of thousands of pounds a year. The Council has a significant amount of capital expenditure coming in at the end of this financial year and the beginning of the next financial year which is probably what will carry us over into a situation where at some point next year the Council will need to start borrowing there are discussions going on to see how this can be reversed with the hope that within a year or two there will be no need to borrow and this is under discussion with the Officers. Councillor Boden continued in answer to the question asked about the Wisbech Port in reference to the 50 million pounds reported, it is an eye-opening figure, in reference to the income that the Council provides for the service this is misleading, looking at the trading accounts this does show a loss and most of this loss is to do with Wisbech Port, the Council has also been informed by the Department of Transport that FDC should not be subsidising the Port operations from the Councils general funds as the rule is FDC should not be systemically financing the running costs of Wisbech Port additionally there may be difficulties that these subsidies were providing may soon reach the subsidy controls which exist because as a Council there is a rule about subsidising private companies beyond a certain level. This is ongoing and the Council will be receiving updated paperwork within the next few months. Councillor Booth responded he would like to pick up the point about depreciation and the life of the capital asset that still impacting the actual accounts as it still feels like it is going to cost the Council money in the medium-term forecast, there is an estimation at what rate this will affect the Council. Councillor Boden agreed with the statement and stated this will impact the accounts because if something is being paid cash in advance it directly affects the accounts but this will not directly impact the revenue

accounts, the mechanism for accounting for this changes significantly once it is moved from paying cash to paying by borrowing which is the way vast majorities of Local Authorities do this which does meet satisfactory approvals.

- Councillor Sennitt Clough stated as a Panel it's our job not to set the budget but to scrutinise so off the back of that, there's a saying that the best predictor of future behaviour is past behaviour except perhaps when we are talking about future finances, it was mentioned there was a pattern in your presentation and it was also mentioned that Central Government are complicating the ways in which Local Authorities receive money plus the term normally and probably was used a lot within the presentation, there was a mention of the 114 notices and at some point Croydon and Thurrock, Woking, Birmingham and Nottingham possibly sat here is a similar situation, so on the back of that what level of confidence is there that Fenland District Council will not be heading towards a similar situation? Councillor Boden responded that he has a great deal of confidence because the accounts are looked at in detail by himself as the Portfolio Holder because of this, he feels he has got a tight grasp of things and aware of the uncertainty that exists. The budget equalisation reserves were set up to look at variations between years in the outturns to try to avoid hitting the general fund. The reserves have now reached 1.87 million pounds which means with any particular year something unexpected happens the Council has an enormous cushion to be able to use through any unexpected event, what this does not do is address medium- and long-term potential deficits as this is a different matter but can act as a bridge between the medium- and long-term deadline if needed without using the general fund. Lessons have been learnt since Covid 19 and as a Council the results were better than expected because of the various negative and positive impacts of Covid 19 on the Councils finances, a plan has been in place since 2019 that by 2023 Council Taxes would be reduced but by the time the budget of 2022 was looked at nobody knew the impact Covid 19 was going to have on the finances so the reduction of Council Tax was not put forward, this is just one example of unexpected circumstances the Council can face, hopefully the likes of Covid 19 will never be seen again but it is always a possibility that something could throw the Council off track and plans need to be put in place so the Council is not so vulnerable next time. Central Government of whatever party will not drive Local Government into bankruptcy as this is not in the interest of Central Government let alone the Country so there is a high degree of certainty that water is going to continue to be pumped into the harbour so the boats can rise, that's not good enough however when you make a catastrophic mess of your finances and when you look at the likes of Thurrock, Birmingham or Nottingham they made catastrophic errors in terms of the investments that were made, the decisions that were made, and poor Governance, poor Officers, poor Members, poor Overview and Scrutiny, and that is the value of what is being done here today and it is part of the process to ensure that this Council does not make the same mistakes these other Councils have made. This is why it is important the Panel understands the process, the risk and the direction the Council is going, with all this in mind there is a high degree of probability that the assumptions made are correct and if they are not, there is a good cushion available with the budget equalisation reserves to ensure the one of something which is not expected will be able to be met.
- Councillor Nawaz thanked Councillor Boden for a scholarly all be it a theoretical presentation and there lies the problem that it is theoretical at this stage, he continued the references to the past patterns, the over cautiousness of Officers and the Officers always achieving the targets set which are all note worthy but within this there are also two pages of risks and assumptions made, some of those are positive some of those are not in total there are 21, suffice to say the Council cannot be too cautious with public money although it is comforting to know a lot of those external factors and unpredictable seem to have been accounted for there is a short fall of £539,000 against a reserve of 2 million. Councillor Boden corrected the figure stating it was substantially more than 2 million there is a general fund reserve, but this was not used this is what the budget equalisation reserve is for. Councillor Nawaz agreed the general reserve is not for this purpose as that is allocated for general projects. Councillor Boden responded in usual circumstances yes, the general fund would be used but Fenland District Council is in a better position because there is the budget equalisation reserve which has built up over the last five years. Councillor Nawaz stated it is anticipated that the financial settlement is going to be less generous than it has been in the past, 20-25% of Local Authorities have great worries about their financial future not least because of the unpredictable such as the financial settlement, possible litigation, staff, costs and rise in fuel cost given the situation in the Middle East. Overall,

it is a comforting presentation but would find it more reassuring if the deficit was addressed. Councillor Boden responded the financial statement and the paper that has been presented from Cabinet in December was written before the financial settlement was announced at the end of December, the financial settlement that was received contained quite a lot of pluses and minuses which cancelled themselves out to the extent of £10-20,000 difference so the financial settlement while it was uncertain when the paper was originally written ended up being exactly at the level that had been assumed, Councillor Boden went on to agree that 20-25% of authorities have expressed concern about getting through 2024/25 and this backs up a previous statement made that Central Government cannot afford to let 20-25% of authorities to go bankrupt and the only way this can be avoided is to pump more money into the system if this is done Fenland District Council will receive a portion of the money, but as stressed previously FDC are in a better position than most District Councils and if help was needed there are levers and methods within the Councils control to be able to solve any financial problems without having to go to Central Government plus there is the equalisation reserves. There are always challenges within these figures and as such the Council will have to do a lot of work, Members are going to have to make some hard decisions and Officers are going to have to do a lot of work but with the hard work already done within the Council many of these areas have been covered to do with the Accommodation Review, looking at the Trading accounts and the legality, looking at the Transformation processes, the Efficiencies as well as the Government Grants received, this puts Fenland District Council in a strong position compared to many other Local Authorities, but in the medium term there are always challenges which will require the Council to step up and meet, an easy way of achieving a shortfall for example would be to increase the Council tax by 2.99% over the next five years 2027/28 the medium-term financial strategy had a potential shortfall of two and half million pounds in 27/28, just by increasing the council tax by 3% would bring in an extra 1.6 million pounds and that's without an increase of fees and charges which could predict another £346,000. Councillor Boden also stated he is aware of the detail showing for NDR energy are going to be at least £500,000 more than currently being shown. There is a significant amount of opportunity to be able to meet this cost by balancing the medium-term financial strategy now by making decisions, the suggestion put forward would be instead of taking money from peoples pockets as a first option lets look at those efficiencies that the Council manage to achieve, lets look at the transformations in which the Council has delivered services, lets look at getting the trading accounts into order especially if it is legally required to do so, lets look at the accommodation review and what savings can be made, let's looking internally at how things can be managed before looking externally and that's without the idea of the taxes of putting car parking charges in place and the tax of significantly increasing the amount of the green waste bin collection, this is how to separate the financial side from the political side and the choices that need to be made if the choice was to fleece the public then the Council could sit back and not have to do much but it would be more effective to work extremely hard to ensure that the Council gets the best value for money out of the work done within the Council rather than pickpocketing the electorate at the first opportunity Councillor Nawaz thanked Councillor Boden for the reassurances shared and stated this is what he was looking for that the team are alert to lots of unknowns and prepared for the unpredictable and he will hold closely to the two phrases the Leader has used 'The Council will not fleece the public' and 'The Council will not pickpocket the public'. Councillor Nawaz commended councillor Boden for his words and commented he will be monitoring the situation throughout the year.

- Councillor Booth stated he would like to raise a few points one of the things to bear in mind which Councillor Boden has touched on is the fact that the budget set today does not have an impact just on this financial year it's the future financial years, having long been an advocate saying the Council should get the net service expenditure down to a zero rate increase, the difference in this report today is about the future capital expenditure that will be needed he would appreciate a clearer picture of what impact that will have, looking on pages 25 this gives an estimate about what that potential impact could have, looking at pages 28-29 it was just under 3 million, on page 22 it is saying it could be under 4 million so this gives an idea of the quantum and the potential impact that this could have. Picking up on a couple of other points Councillor Boden stated that the Government will not let Local Government Sector fail, I do agree with what has been said but however it needs to be recognised that District Councils are always the poor relations when it comes to settlements that are set out, the Metropolitan Cities

always get the Kings share of any settlement that the Government sends out, it's then down to County Councils generally the more rural County Councils get the worse and then below that is the District Council so with this in mind there will be some money but not as much as those at the top of the tree in the Governments eyes. The analogy about the rising water in the harbour might need to be a slightly different analogy because our Council would not rise as high as some of the other boats but that is just an observation. There does need to be some thought around what will happen in the future, is the Council turning a corner? Because looking at page 29 with the report of the outturn and usage from the equalisation reserve that is stating that this year the Council will be using £77,000 potentially although that is still up in the air with the final settlement from the Government, but that equalisation reserve is only equivalent of one year's deficit in the medium term financial settlement, so saying that the Council can rely on this is not realistic and can only be relied on at a very minimal level but this does all depend on what the final figures are on this year then what roles forward for future years this can land us at a crossroads particularly with capital expenditure that is required for this Council future years. Councillor Boden responded and agreed there are very similar policies, and in the past both himself and Councillor Booth have agreed on decisions that have safeguarded the future capital expenditure of this Council, so when looking at the capital expenditure now through the transformation processes, through the efficiencies being achieved and the accommodation review the job is to ensure the capital expenditure is under reasonable control, the effects of capital expenditure will be different on the overall financial position at some stage in the future than it has been in the past and that is instead of the effect on the overall accounts to be in advance of the use of the assets the affect of the accounts will be spread out over the course of the age of the assets as a result of the minimum revenue provision so that accounting means that the Council are able to look at the capital expenditure being spread out over a much longer period which is up to 40 years, this will change the impact which there is but this does not change the fact that if there is a note in the account for example saying something has cost 50 million pounds in an authority of our size which is an extreme example the same applies to everything which is in the capital program and that needs looking at extremely carefully to work out whether the timing of this is correct or whether it is needed at all or whether it can be provided in a better way than is currently intended to be provided, these are ongoing challenges which are faced everyday and there are Councils around the Country of all Political persuasions that indulge in vanity projects which end up burdening the local residents with long term debt and very little return, the one good thing about this Council is that we are not in the business of vanity projects and as long as the focus is on the interest of the residents and not the needs of the Council this gives a good starting point when making decisions.

- Councillor Barber asked a question on the accommodation review stating there is nothing within the current review as nothing is currently happening but how far in the future is the Council thinking of doing something about this because depending on which option is taken it could be costing the Council a lot of money which will need conversely it could bring in a bit of money depending on which option is chosen. Councillor Boden stated that he cannot go into too much detail reason being he has not seen the latest report which is being written up, until the report is completed it would be deem inappropriate to comment but suffice to say there is a lot of work going on behind the scenes with Carter Jonas and this should be coming to head within a few months, the complete report will come before Overview and Scrutiny before going to all Councillors to explain what the options are and to explain what the costs of avoidance are when possible and to explain how it is going to be possible for the Council to have an estate which is relevant for its needs. Paul Medd stated there is a process that is being followed and a lot of work is going on behind the scenes, he can appreciate the frustration this can create because he is aware everyone would like to see definitive details on this but he would like to assure the panel a lot of the necessary prep work is being undertaken so in terms of the next step as far as the process is concerned what will be worked on is something called as strategic outline business case which will set out details that are connected to the shortlisted options that will be presented the members will need steering of what the accommodation review could achieve, that report will get presented to Cabinet which Council Boden will present and the out come of that discussion will hopefully lead to a definitive option being pursued to full business case the hope is to present the strategic business case to Cabinet in March discuss the options and move forward to a more detailed business case once agreed this will then take a number of months to work on the sufficient detail which can be brought back to Members so the project

can proceed on the basis this will then move into the delivery phase of the project subject to details and engagement. Councillor Boden added at the very beginning of the process we were offered eight general options about how to move forward one was to go out find a site and build a new headquarters that will not be happening that sort of vanity project is not appropriate for the Council as it would not be cost effective the committee will be looking at the most cost effective method of achieving the necessary accommodations that the Council needs to have to full fill the function that is satisfactory for the requirements.

- Councillor Hay stated it appears from the report in 7.9 that TA2 savings and potential increases in those savings have already been included in the forecasts. If the predicted deficit is due to be met via the TA2 savings where are these additional savings going to come from. Following on from that it mentions a 0% increase of the term of the medium financial forecast but over the next five years the actual cash level is remaining the same within that report which indicates to me that it is an actual decrease in council tax because obviously the plan is to build how can this be justified when looking at this report from 2025/26 onwards there is a deficit of over two million, further on from that it was mentioned the 1.86 million that currently sits in the budget equalisation reserve and how it is a very significant cushion, in the report it stated that 2023/24 the Council is on course for a deficit of about £700,000 which would significantly decrease that 1.8 million, also 2024/25 there is a deficit of £539,000, when looking through the reports it would appear that the paper which is going to be discussed later on in this meeting for fees and charges, there is a possible extra income of £211,000 coming in which has not been included, what is the reason for not including this in the report. Councillor Boden responded that the Transformation Agenda 2 savings there was a TA1 which started four years ago and the TA2 is the new agenda with challenges that were looked at over a year ago which are now coming into effect there is still a significant amount of TA2 work to be done which has not yet been taken into account in the figures that have been presented within the report so there will be a number of TA2 savings to come in which have not been included in the medium-term financial strategy nor were they included in the next years budget and not all of the TA" savings are going to come into force next year and maybe even beyond that time scale this is a long term project which is continuing to produce more recurring savings for the Council. He continues as pointed out the cash level of monies received from Council tax would mean that this would be decreasing the Council tax charge that is shown in the papers produced, the reason for that is the increase in the tax base which is equivalent to the extra number of houses which are going to be built in the area, as stated before because of the challenge set to have a 0% increase in Council tax it was suggested that the medium term financial strategy would assume that the total amount of Council tax received each year would remain the same that is that the Council would not be taking advantage in the assumptions that we made in the challenges that were placed before officers I the increase of the Council tax base, the numbers have changed since the report was produced there was an amendment made by Mark Saunders in December because it was so significant he felt it needed to be changed so instead of the 1.3% figure which is in the papers the actual amount of increase within the Council tax based from 2023/24 to 2024/25 is 1.65% and that is equivalent to a Council tax decrease next year of 1.62%, also within the report in the medium term financial strategy the same assumption was made in 2025/26, 2026/27 and 2027/28 the Council does not know how many houses will be build within this period of time but what it knows is that the building will continue in Whittlesey , March and Chatteris over a three year period with a figure of 1.8 million pounds, the assumption being made is that every year for the next four years the Council tax charge will be reduced to each individual as stated back in February last year when this policy was introduced however it is unlikely to be achieved this year which is not that concerning but the concern lies within the following years of 2025/26/27 which is why the committee is fairly confident when it comes to the budget which is produced next month that the projected deficit for the year 2024/25 will be less than £539,000 plus part of the reason is the £211,000 which was identified earlier within the fees and charges, but saying that the idea of a Council tax decrease is not a comfortable thought in the year 2024/25, circumstances may change, numbers may change, things could look different in a months' time but as things look at the moment not just for 2024/25 but also for 2025/26 and beyond would improve the figures by £131,000 so the figure would raise to £242,000 in that figure of £539,000 and that is without a number of other figures which are due to take place which will make the position better than it currently is. As far as the justification of the money the Council will only take what is needed from the public but this has to be done with

caution until there is more certainty about the savings that will be achieved in the various ways which have been mentioned and this is why it is difficult to justify a Council tax decrease next year and certainly not the 1.62% figure which is shown within the document at the moment. Councillor Boden continued in answer to the question asked around the £211,000 for increase in fees and charges which is not included in the figures of £539,000 deficit this is because this is the way it has always been done and Mark Saunders has been encouraged to continue to work the way he always has done with all the prudence even though there has been this so called over budgeting this has been working and the committee know where they are, but the fees and charges are only set by Cabinet in January and the papers that have been provided for this meeting were produced for a December meeting and actually produced in November so at that time it was not possible to be accurate about the majority of the fees and charges and that's why the fees and charges are never included in the pre-budget estimates. In answer to the question asked about the significant deficit in 2023/24 the figure of £777,000 which is the projected outturn, that has been produced in the paper was calculated in November, year after year there is a projected outturn figure and the final outturn figure which is produced and the reason for that is number one, there continues to be saving made by officers all the way through the financial year right up to the year end and those are not all accounted for, secondly even after the November date that that figure is produced more money turns up unexpectedly from Central Government, so there is always a difference and one of the differences there will be this year is the officers will be looking at some of the reserves and look to see what the appropriate use of those reserves will be, when the question was asked about the 1.8 million pounds being a small figure it is not a small figure but is not something that can finance recurring significant deficits, it is a cushion which can be used between now and when all of the work being done on transformation, on trading accounts, on the accommodation review, on the efficiencies when that comes into effect so that is why that cushion is there, the officers would be surprised if the outturn for the current financial year is anything close to the deficit figure currently being shown as £777,000. Councillor Hay responded the figures being shown at this meeting are based on a lot of assumptions, can the panel assume that by the time the budget is produced in February so of those assumptions will be known as actual figures so it will be a lot easier to make informed decisions going forward. It was mentioned about making money from the green waste as an example earlier is this correct or is it only possible to recover the cost? Councillor Boden answered this was given as a possibility but not something that would be considered.

- Councillor Sennitt Clough stated she would like to take Councillor Boden back to the analogy of the votes she felt the subject of the Wisbech Port and Sutton Bridge was fully discussed there was mention about the Wisbech port and just to talk about efficiency and confidence moving forward how was the situation reached concerning the Wisbech Port plus if the information is correct Sutton Bridge is losing money is FDC responsible for the port of Sutton Bridge even though it is in another local authority. Councillor Boden responded stating he is unable to answer these questions as there will be a report coming out within the near future which will address some of the issues, some of which are being actively discussed and looked at therefore it would be premature to answer at this time but thanked Councillor Sennitt Clough for the question.
- Councillor Ray stated we live in great times of uncertainty and budgeting for the future is always a complicated process in 7.10 it mentions that the funding gap will be 2.558 million by 2028/29 given all the assumptions that have been made for this budget things should pan out quite well, what the general public want to know is can the officers give assurances that should things not go as well there is a similar unseen things happen such as Covid-19 that short falls will not be made up by cutting services or reducing the services residents get to try and balance those budgets. Councillor Boden responded firstly from experience medium term financial figures are interesting especially the ones which are many years out because invariably they start out with large deficits and then when you get the final outturn with large surpluses there is a process to be gone through where you start out with the medium term financial strategy apparent deficit in four years' time and where it ends up being after that year is finally finished and part of that is some of the assumptions made, for example in that figure quoted of two and half million pounds nothing is allowed for increases in fees and charges, now assuming that fees and charges after this year increase on average by 3% that's another £346,000 to be knocked off that figure straight away, with out sharing to much detail the income that is received from renewable energy and MDR is going to increase by at least £500,000 in that time and if there is a decision

over the next five years not to increase Council tax within those four years then that will produce another £536,000 to take off that figure of two and half million, so by giving this example it shows how a figure can be halved and the improvements for the accommodation review, the trading accounts, the transformation projects, the efficiencies and others have not been included. In answer to the second part of the question the committee can never give any guarantees about the services being cut, however it is not something that would be encouraged but some services may be subject to substantial scrutiny and potential change.

**The Draft General Fund Budget Plan and Capital Programme 2024/25 was noted for information.**

### **OSC29/23 DRAFT BUSINESS PLAN 2024/25**

Members considered the Draft Business Plan 2024/25 report presented by Councillor Boden.

Members made comments, asked questions, and received responses as follows:

- Councillor Hay stated looking at performance measures and where it says create healthy communication through activities delivered via Active Fenland, this is measured by the number of sessions delivered per year surely there should be included the number of people who attend sessions because there could be 50 sessions and only 2 people attending. Councillor Boden responded this is a point very well made, but it would be unadvisable to keep changing the KPI's as this makes comparison difficult, having said that your point does make common sense and the officers will be looking into this to give consideration as to whether a change should be made because this needs to be about people and not activity, Councils are getting to a stage now where forward looking enterprises elsewhere in the Country are now moving away from KPI's and progressing forwards, KPI's are also becoming out of date for how data is recorded and reported on the activity that is offered and the success of that activity, this is a subject that will be brought before the Audit and Risk committee at some point this year.
- Councillor Tierney stated he would like to ask the panel for feedback on the document and the ease of understanding so improvements can be made in the future. Councillor Hay has encouraged the panel to privately email Councillor Tierney with their feedback.

**The Draft Business plan 2024/25 was noted for information.**

### **OSC30/23 REVIEW OF FEES & CHARGES 2024/25**

Members considered the review of Fees and Charges 2024/25 report presented by Councillor Boden.

Members made comments, asked questions, and received responses as follows:

- Councillor Hay stated has there been any benchmarking with other Ports to make sure the Council is not pricing itself out of the market or is the Council still one of the cheapest. Sutton Bridge is seeing a significant downturn in traffic what is being done to market the Port as a suitable import export terminal plus what is Fenland Districts Council's involvement with the Port and will there be any losses, plus concerning the managing of mornings who will be responsible for any losses if any on that. Councillor Boden responded to the best of his knowledge there has been no benchmarking done because the Council are meant to recover any costs as part of the authority, and it is precisely because FDC are not meant to be seeking to act in competition against other local authorities who have got responsibilities that the Council are meant to utilise the Council's general fund to subsidise these charges. Legally FDC must ensure that the charges made are sufficient to ensure that the general fund is not being used to create a subsidy. As far as Sutton Bridge is concerned this is not the Council's responsibility as the Council does not own it or operate it the



Councils major connection is the Council is the Harbour Authority and the statutory authority for that purpose, Lincolnshire County Council would be responsible for any marketing to do with Sutton Bridge Port LTD or any other bodies involved. Lincolnshire Council pay Fenland District Council a management fee. Councillor Hay asked does the Council make money from Sutton Bridge Councillor Boden replied depending on the costs that are incurring in fulling that cost of service.

- Councillor Hay stated she would like to know about the occupancy rates at many factories and South Fens Business Centre together with the Boat House, it is understood that South Fens historically and still has problems with low occupancy, has any thought been given to a rent free period or for new occupancy to be given a period of 3-6 months at a discounted rate to encourage uptake in these Centres. Councillor Boden responded as Members will have seen it is being suggested that for the Business Centres and Units that thing should not change with what is currently being proposed as being the minimum rates and maximum rates to be charged right across Fenland, The problem is these are all in different locations with different expectations, different pressures and different cost, opportunities and demand which means the Council needs to be more responsive to the demands which exist or does not exist where there is persistent under occupancy, South Fens as pointed out being one of them to be alert of to give incentive to individuals to move in whatever those incentives maybe, it maybe to have more vetted periods it maybe that the rent charges for new occupancy are too high. Councillor Boden agreed that what is in the papers at the moment is not satisfactory and will be discussed further with officers and present any changes at Cabinet, as far as the higher rents across Fenland this feels the right amount for the next 12 months for those properties according to demand and supply but something that can be looked into and feel it would be appropriate to remove those upper limits from all of the properties across Fenland and to require the best available rent obtained from prospective tenants in the future but would not want to change the assumption which is being made about the amount of money that would be generated for the budget because this could be highly speculative. Councillor Hay stated its comforting to hear that each town is being looked at on its own merits.
- Councillor Gowler stated for the Port of Wisbech authority there are charges for everything it seems ridiculously complicated is there anyway of simplifying this document. Councillor Boden responded that he totally agreed but it is the standard practice and procedure which exists for every single Port, and it cannot be made any simpler that it is.
- Councillor Imafidon stated there is 25% increase in the Wisbech Port report are the Council working towards a situation where the officers will be offsetting the deficit that currently exists and how long will this process take if that is the plan. Councillor Boden confirmed this is something the officers are working towards; the timing is unsure and will be able to answer this when the report is produced within the near future as there are lots of things to be taken into consideration and to take one item into isolation could potentially be misleading, the 25% increase is meant to be an interim increase and the suggestion from that is the likelihood based on all the mathematics is that a figure larger than 25% will be required potentially so the Council stays legal Councillor Boden continued he could not go into anymore detail until the report is seen. I would like to emphasize that what is really important is the volume of shipping which takes place and the volume of goods which are moved as it is an integral part of the equation and those volumes have gone down in recent years and in last year particular, so the intent of the port operators whether it be Wisbech or Sutton Bridge is very important indeed.

**The Overview and Scrutiny Panel AGREED to recommend to Cabinet that Fees and Charges be included in the final budget with the proposed changes around South Fens Business Centre for 2024/25.**

### **OSC31/23 UPDATE ON PREVIOUS ACTIONS**

Members Considered the updates on pervious actions and made the following comments.

Amy Brown stated Anglian Water have been written to for the outstanding information asked which has not been received yet. This will continue to be chased.

**OSC32/23 FUTURE WORK PROGRAMME**

Members consider the Future Work Programme.

No comments were made

12.02 pm

Chairman