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SOUTHEND-ON-SEA BOROUGH COUNCIL

Meeting of Policy and Resources Scrutiny Committee

Date: Thursday, 13th July, 2017

Place: Committee Room 1 - Civic Suite

Present: Councillor B Ayling (Chair)
Councillors D Kenyon (Vice-Chair), B Arscott, S Buckley*,
D Burzotta, M Davidson, N Folkard, D Garston, I Gilbert,
R Hadley, D McGlone, J McMahon, D Norman MBE,
M Stafford, C Walker, P Wexham and C Willis
*Substitute in accordance with Council Procedure Rule 31.

In Attendance: Councillors J Lamb, A Holland, M Flewitt and A Moring
(Executive Councillors)
Councillor and L Davies
A Griffin, J K Williams, F Abbott, J Ruffle, J Chesterton,
S Houlden and S Ford

Start/End Time: 6.30 - 8.45 pm

174 Apologies for Absence

Apologies for absence were received from Councillor Phillips (substitute Cllr Buckley).

175 Declarations of Interest

The following interests were declared at the meeting:

- (a) Councillors Lamb, Holland, Moring & Flewitt - interest in the called in / referred items; attended pursuant to the dispensation agreed at Council on 19th July 2012, under S.33 of the Localism Act 2011;
- (b) Councillor Holland – agenda item relating to in depth scrutiny report – non-pecuniary – son is a Police Officer;
- (c) Councillor McMahon – agenda item relating to MPR – non-pecuniary – co founder HARP, which was mentioned during discussion;
- (d) Councillor D Garston – agenda item relating to Housing Investment Company – non-pecuniary – owns one property to let;
- (e) Councillor Davidson – agenda item relating to Housing Investment Company — Disqualifying non-pecuniary interest - Board Member of South Essex Homes (was able to participate in the debate and vote by virtue of the dispensation agreed by the Standards Committee at its meeting held on 28th February 2017).

176 Questions from Members of the Public

Councillor Holland, the Executive Councillor for Culture, Tourism and the Economy responded to 2 written questions from Mr Webb.

177 Minutes of the Meeting held on Wednesday, 12th April, 2017

Resolved:-

That the Minutes of the Meeting held on Wednesday, 12th April, 2017 be confirmed as a correct record and signed.

178 Monthly Performance Report

The Committee considered Minute 66 of Cabinet held on 20th June 2017 which had been referred direct by Cabinet and also called in to Scrutiny, together with the Monthly Performance Report covering the period to end May 2017, which had been circulated recently.

Resolved:-

That the report be noted.

Note:- This is an Executive Function.

Executive Councillor:- As appropriate to the item.

179 In-depth Scrutiny Final Report - To investigate the case for additional enforcement resources for Southend

The Committee considered Minute 65 of the meeting of Cabinet held on 20th June 2017, which had been called in to Scrutiny, together with a report of the Director of Legal & Democratic Services. This presented the final report of the in depth scrutiny project - 'To investigate the case for additional enforcement resources for Southend.'

The Committee noted that this item had been referred to Council by the Place Scrutiny Committee at its meeting on 10th July 2017.

Resolved:-

That the following decisions of Cabinet be noted:-

"1. That the submitted report be noted.

2. That the proposals in the report be reviewed in the light of the cost implications."

Note:- This is an Executive Function

Executive Councillor:- Holland

180 Corporate Plan & Annual Report: 2017

The Committee considered Minute 67 of the meeting of Cabinet held on 20th June 2017, which had been called in to Scrutiny, together with a report of the Director of Transformation which presented the Council's draft Corporate Plan and Annual Report 2017.

Resolved:-

That the following recommendation of Cabinet be noted:-

“That the Council’s draft Corporate Plan and Annual Report 2017, be approved.”

Note:- This is a Council Function

Executive Councillor:- Lamb

181 Annual Treasury Management Report - 2016/17

The Committee considered Minute 70 of the meeting of Cabinet held on 20th June 2017, which had been called in to Scrutiny, together with a report of the Director of Finance and Resources detailing the treasury activity for the period from April 2016 to March 2017 and reviewed performance against the Prudential Indicators for 2016/17.

Resolved:-

That the following recommendations of Cabinet be noted:-

“1. That the Annual Treasury Management Report for 2016/17 and the outturn Prudential Indicators for the period from April 2016 to March 2017, be approved.

2. That it be noted that the financing of capital expenditure of £48.475m has been funded in accordance with the schedule set out in Table 1 of Section 4 of the submitted report, with a reduced financing requirement of £6.639m.

3. That it be noted that Capital Financing and Treasury Management were carried out in accordance with statutory requirements, good practice and in compliance with the CIPFA (The Chartered Institute of Public Finance and Accountancy) Prudential Code during 2016/17.

4. That, in respect of the return on investment and borrowing, the following be noted:

(a) The loan and investment portfolios were actively managed to minimise cost and maximise interest earned, whilst maintaining a low level of risk.

(b) £1.2m of interest was earned during the whole of 2016/17 at an average rate of 1.45%. This is 1.25% over the benchmark of the average 7 day LIBID (London Interbank Bid Rate) and 1.12% over the average bank base rate.

(c) An average of £50.1m of investments were managed in-house. These earned £0.27m of interest during the year at an average rate of 0.54%. This is 0.34% over the average 7 day LIBID and 0.21% over the average bank base rate.

(d) An average of £9.8m of investments were managed by our former external fund manager. These earned £0.14m of interest during the year at an average rate of 1.37%. This is 1.17% over the average 7 day LIBID and 1.04% over the average bank base rate.

(e) During September 2016 £22.7m was recalled from our former external fund manager and £15m was invested equally across two short dated bond funds and £5m was invested into an enhanced cash fund.

(f) An average of £7.9m was managed by two short dated bond fund managers. This earned £0.14m since it was invested from a combination of an increase in the value of the units and income distribution, giving a combined return of 1.78%.

(g) An average of £2.5m was managed by an enhanced cash fund manager. This earned £0.02m since it was invested at an average rate of 0.86%.

(h) An average of £14.9m was managed by two property fund managers. This earned £0.67m during the year from a combination of an increase in the value of the units and income distribution, giving a combined return of 4.49%.

(i) The level of borrowing from the Public Works Loan Board (PWLb) (excluding debt relating to services transferred from Essex County Council on 1st April 1998) remained at the same level of £227.8m (Housing Revenue Account (HRA): £77.0m, General Fund (GF): £150.8m) throughout 2016/17.

(j) The level of financing for 'invest to save' schemes increased from £3.21m to £7.90m by the end of 2016/17."

Note:- This is a Council Function
Executive Councillor:- Moring

182 **Capital Outturn Report 2016/17**

The Committee considered Minute 71 of the meeting of Cabinet held on 20th June 2017, which had been called in to Scrutiny, together with a report of the Director of Finance and Resources outlining the capital programme outturn for 2016/17 and sought approval for the relevant budget carry forwards, accelerated delivery requests and in-year amendments to the current approved programme.

Resolved:-

That the following recommendations of Cabinet be noted:-

"1. That it be noted that the expenditure on the capital programme for 2016/17 totalled £48.475m against a budget of £55.114m, a delivery of 88.0%.

2. That the relevant budget carry forwards and accelerated delivery requests totalling a net £5.363m, as set out in Appendices 1 and 2 to the submitted report, be approved.

3. That the virements, reprofiles and amendments and new external funding for schemes, as detailed in Appendices 3, 4 and 5 of the report, be noted.

4. That the relevant changes to the budget identified since the approved capital programme was set at Council on 23rd February 2017, as detailed in Appendix 6 to the report, be approved.

5. That it be noted that the above changes will result in an amended Capital Programme of £226.709m for the period 2017/18 to 2020/21, as detailed in Appendix 7 to the report.

6. That the re-profile of £2m from the 2018/19 HRA Future Programme budget into the 2017/18 financial year to enable the on-going programme of fire safety installation works to be accelerated, be approved.”

Note:- This is a Council Function
Executive Councillor:- Lamb

183 Revenue Outturn Report 2016/17

The Committee considered Minute 72 of the meeting of Cabinet held on 20th June 2017, which had been called in to Scrutiny, together with a report of the Director of Finance and Resources on the revenue outturn for 2016/17.

Resolved:-

That the following recommendations of Cabinet be noted:-

“1.That the revenue outturn for the General Fund and HRA for 2016/17, be noted.

2. That the appropriation of revenue funds to and from earmarked reserves, as set out in paragraph 4.6 (General Fund) and paragraph 5.4 (HRA) of the submitted report, be approved.”

Note:- This is a Council Function
Executive Councillor:- Lamb

184 Housing Investment Company

The Committee considered Minute 74 of the meeting of Cabinet held on 20th June 2017, which had been called in to Scrutiny, together with a report of the Director of Finance and Resources setting out the key considerations, high level business case and the implementation plan for establishing a Housing Investment Company (HIC) for the Council.

Resolved:-

1. That the following decisions of Cabinet be noted:-

“1. That the establishment of a Council controlled, asset holding Housing Investment Company, be approved.

2. That the key actions within the Implementation Plan, be approved.

3. That External financial and legal advice be sought to support the key actions within the Implementation plan to ensure its timely delivery and that this one off cost is funded from the Council’s contingency budget.”

2. That in accordance with Council Procedure Rule 39 the matter be referred to Council for decision. ||

Note:- This is an Executive Function.

Executive Councillor:- Lamb/Flewitt

185 Standing Order 46

The Committee considered Minute 86 of Cabinet held on 20th June 2017, which had been called in to Scrutiny, concerning actions taken under Council Procedure Rule 46.

Resolved:-

That the following decision of Cabinet be noted:-

“That the submitted report be noted.”

Note:- This is an Executive Function.

Executive Councillor: As appropriate to the item.

186 Minutes of the Meeting of Chairmen's Scrutiny Forum held on Tuesday, 20th June 2017

Resolved:

That the Minutes of the meeting of Chairmen's Scrutiny Forum held on Tuesday, 20th June 2017 be received and noted and the recommendations therein endorsed.

Note: This is a Scrutiny Function.

187 In depth Scrutiny projects - 2017/ 18

The Committee considered a report of the Chief Executive concerning the possible in depth scrutiny project to be undertaken by the Scrutiny Committee in 2017/18. The report also attached some information about the work carried out by the Scrutiny Committee in the 2016/17 Municipal Year.

The Committee determined that in 2017/18 it would like to continue with the project undertaken in 2016/17 on enforcement resources for Southend, as the topic is such an important one and the project had not reached a resolution. The project will look at the following issues in particular:-

- Enforcement face of the Council and will look at the information provided by Maldon Council in greater depth (enforcement support team);
- Costs;
- Continue discussions with Councils across Essex regarding Council Tax incentives.

Resolved:-

1. That the in depth scrutiny project for 2017/18 will be to continue with the project undertaken in 2016/17 on 'Enforcement resources for Southend (with particular focus on enforcement, costs, Council Tax incentives)'.
2. To note that the following Members have been appointed to the Panel, which will manage the in depth project – Councillor Ayling (Chairman), Councillors Arscott, Burzotta, Davidson, D Garston, Hadley, Gilbert, Willis and Stafford.
3. To note the information attached at Appendix 3 to the Report, the summary of work of the 3 Scrutiny Committees during 2016 / 2017.

Note:- This is a Scrutiny Function.

188 Exclusion of the Public

Resolved:-

That, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the items of business set out below, on the grounds that they would involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

189 Gas Works Site

The Chairman agreed to the addition of this item to the agenda for the meeting as an urgent item of business as the matter falls within the remit of the Committee and should have been placed on the agenda for the meeting.

The Committee considered Minute 88 of the meeting of Cabinet held on 20th June 2017, which had been called in to Scrutiny, together with a joint report of the Deputy Chief Executive (Place) and Director of Finance and Resources on the above. The Director of Legal & Democratic Services clarified that the matter was a Council Function.

Resolved:-

1. That the following recommendations of Cabinet be noted:-

“1. That the acquisition of the former Gasworks site, noting the strategic opportunities, the risks and the associated financial implications, be pursued.

2. That the use of the land, subject to planning, for parking in the short-medium term with a view to developing a scheme for part or all of the land in the medium-long term based on the strategic and development opportunities outlined in the submitted report, be approved.

3. That the authority to settle the terms and complete the transaction within the financial parameters as set out in sections 5 and 10.2 of the submitted report be delegated to the Deputy Chief Executive (Place) in consultation with the Leader of the Council and the Director of Finance and Resources.

4. That the impacts on other sites be noted and the reasons for the recommendations set out at sections 6 and 9 of the report, be approved.

5. That the financial implications and amendments required to the Capital Programme and use of reserves as set out in the report, be approved.

6. That any necessary procurement and planning activities to enable the remediation and development of the site to proceed in both the short-medium and medium-long term, be approved.”

2. That in accordance with Council Procedure Rule 39 the matter be referred to Council for decision.

Note:- This is a Council Function
Executive Councillor:- Holland

Chairman: _____