

## Review Committee – 8 February 2022

---

Minutes of the meeting of the **Review Committee** held on **8 February 2022** when there were present:-

Chairman: Cllr S A Wilson  
Vice-Chairman: Cllr Mrs J E McPherson

Cllr R P Constable	Cllr G W Myers
Cllr R R Dray	Cllr J E Newport
Cllr I A Foster	Cllr Mrs C A Pavelin
Cllr Mrs E P Gadsdon	Cllr M G Wilkinson
Cllr J N Gooding	
Cllr B T Hazlewood	
Cllr Mrs C M Mason	

### **VISITING MEMBER**

Cllrs Mrs J R Gooding, Mrs C E Roe, S P Smith, D J Sperring, I H Ward and S E Wootton.

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllrs Mrs L Shaw and P J Shaw.

### **OFFICERS PRESENT**

A Law	- Assistant Director, Legal and Democratic
N Lucas	- Assistant Director, Resources
W Szyszka	- Democratic Services Officer

### **20 MINUTES**

The Minutes of the meeting held on 13 January 2022 were agreed as a correct record and signed by the Chairman.

### **21 CAPITAL AND TREASURY MANAGEMENT STRATEGY 2022/23**

Members considered the report of the Assistant Director, Resources which set out the Council's Capital and Treasury Management Strategy for 2022/23.

A Member raised a point regarding paragraph 5.4 on page 6.6 in the Report and questioned why some leases had not yet been finalised and consequently, resulted in final values not being determined. Another point was raised on paragraph 11.11 on page 6.16 of the Report with regard to the Council not having a fund manager.

Officers clarified that a fund manager could provide further advice on Council investments and some authorities would require this service; however, such a requirement was not deemed necessary for Rochford District Council due to the Council's complexity of investments being relatively low. It may be considered in the future should the Council require such a service. Officers further

responded that with regard to paragraph 5.4 on page 6.6 of the Report, this related to a new accounting standard IRFS16 which would be implemented from the next financial year. The standard would require officers to consider how Council asset leases are treated and whether they should be included on the Council's own balance sheet. In order to be able to do this, the underlying value of the asset itself must first be considered rather than the cash value of the lease.

In response to a further Member query about whether a fund manager service could be provided by LINK, officers clarified that LINK provide general investment strategy advice, but would not act in this capacity.

A Member raised the point that training advice should be offered to Members of the Review Committee that would allow them to understand the technical terminology and consequently permit them to scrutinise the reports more effectively. Officers confirmed that such training was provided on an annual basis for Members and encouraged all Members to attend.

A Member raised a query in relation to the table at paragraph 5.2, page 6.6 of the Report questioning the Closing Capital Finance Requirement (CFR) figure. Officers clarified that the figure had remained unchanged due to the Council not having any borrowing, thus the underlying finance requirement did not change on a year-on-year basis. It was also noted that the £777k figure was a historic figure which translated back to when the housing stock was transferred from Rochford District Council to the housing association.

A Member raised a query in relation to paragraph 11.16 on page 6.7 of the Report, whether for every £1m invested, the Council would get a return of £1k per annum.

Officers responded that the Council's investment returns had been marginal in recent times, which was reflective of the interest low rates offered by the market, driven by Bank of England rates. In previous years, higher returns were achieved, and going forward as interest rates are anticipated to rise, the Council would expect the interest returns to also increase. The £25k figure was based on an assumption of interest rates that would be achievable over the next year; however, the figure would change depending on market rates.

A Member raised a query in relation to paragraph 5.2 on page 6.6 of the Report and questioned why the Capital Expenditure figure fluctuated on an annual basis. Officers responded that the detailed capital programme was due to be considered by Full Council later in the month.

Another point was raised in relation to paragraph 5.2 on page 6.5 of the Report querying the lack of pattern on the figures. Officers responded that compared to last year's expenditure, the Council had spent less, and this financial year had not yet concluded. There was a variation in what the Council had budgeted for at the start and at the end of the financial year and the upcoming financial year's prognosis was reflective of the programme for the year.

A Member raised a query in relation to paragraph 7.5 on page 6.9 of the Report asking about the estimated costs of the Asset Delivery Programme being the same as reported in February 2021 and whether these costs would be refined. Officers responded that the Council was seeking to refine those numbers and work had been taking place in the background to finalise a new business case. Officers further clarified that this would be discussed as part of the Partnership Panel meetings.

A query was raised in relation to paragraph 13.2 on page 6.7 of the Report seeking whether the reports containing cash flow forecasts would be presented to the Review Committee. Officers responded that cash flows were already reported to the Audit Committee as part of the year-end accounts; however, it would be considered whether it was appropriate to also include these forecasts in Treasury Management reports to Review Committee.

A Member questioned how Rochford District Council's investment strategy compared to Brentwood Borough Council's and whether Brentwood Borough Council (BBC) had a fund manager in place. Officers responded that BBC would remain sovereign and there was no requirement to align strategies under the partnership arrangement. BBC's financial position would directly correlate with Rochford District Council's and therefore different strategies may continue to be required. However, there could be some operational efficiencies that could be achieved through alignment of policies and practices, and this would be considered in due course.

The Portfolio Holder for Financial Services commented that currently it was too early to determine what the future would entail; however, the Council was investigating sources of resource that were available to commit in order to align practices of both Councils.

A Member raised a query in relation to paragraph 16.1 on page 6.20 of the Report seeking whether officers possessed the formal qualifications for treasury management. Officers clarified that currently there was no requirement to possess formal qualifications; however, the Council emphasised and ensured that officers were well trained and had access to specialist training sessions.

Another query was raised around paragraph 9.2 on page 6.12 of the Report querying that the table did not mention what the Council's interest rates were and whether Link Asset Services were a good value for money for the Council.

Officers responded that the Council had reprocured Link Asset Services contract for another three years. The market had been tested to ensure good value for money at a cost of £8,500 per annum. Officers further advised that they would provide an answer outside the meeting as to whether the annual sum included the cost of training.

A Member raised a query in relation to paragraph 16.3 on page 6.21 of the Report querying resilience on treasury management and whether ethical and environmental investments had been considered.

With regard to resilience, officers responded that the Council had a small finance team and a finance manager who were able to carry out treasury management activities and provide sufficient cover. With regard to Ethical, Social and Governance (ESG) considerations, the revised CIPFA code would require this to be reported in more detail, and the Committee may want to consider the Council’s policy on this further at future meetings; however. The primary considerations for investments would remain as Security, Liquidity, Yield, in that order and all risks would have to be fully considered.

**22 KEY DECISIONS DOCUMENT**

**14/21 – Provision of Internal Audit Services**

In response to a Member query with regard to the provision of Internal Audit Services being transferred to Basildon Borough Council, it was confirmed that the decision was not yet made. The Council currently had Chief Audit Service provided by Basildon Borough Council with two officers employed internally by Rochford District Council. The process of recruiting internal auditors had its challenges and it was highlighted that Basildon Borough Council had a significantly bigger resource with relevant experience to deliver the service. Officers also confirmed that it was envisaged to go into a 3-year contract with a one-year break clause.

**23 WORK PLAN**

The Chairman announced to the Committee that the work on the Homeless Policy was delayed and therefore, it was unlikely that it would be included in this year’s Work Plan.

The Vice-Chairman announced to the Committee that the Local Plan was to be included in the future. It was also highlighted that the Carbon Neutral Working Group was to report back to the Review Committee which should be reflected in the Work Plan prior to the meeting of the Review Committee on 5 April 2022.

The meeting closed at 8.08 pm.

Chairman .....

Date .....

UNCONFIRMED

If you would like these minutes in large print, Braille or another language please contact 01702 318111.