

Review Committee – 5 December 2017

Minutes of the meeting of the **Review Committee** held on **5 December 2017** when there were present:-

Chairman: Cllr J C Burton

Cllr N L Cooper
Cllr R R Dray
Cllr B T Hazlewood
Cllr N J Hookway
Cllr M Hoy
Cllr Mrs J R Lumley

Cllr Mrs C M Mason
Cllr J R F Mason
Cllr Mrs L Shaw
Cllr C M Stanley
Cllr A L Williams

VISITING MEMBER

Cllr S P Smith

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs Mrs J R Gooding, R Milne and J E Newport.

SUBSTITUTES

Cllr J D Griffin for Cllr R Milne
Cllr Mrs C A Weston for Cllr Mrs J R Gooding

ALSO PRESENT

Emma Keegan, Managing Director, Sanctuary Housing in Rochford
Chris Cole, Head of Development – Commercial, Sanctuary Housing

OFFICERS PRESENT

J Bostock	-	Assistant Director, Democratic Services
L Moss	-	Assistant Director, Community and Housing Services
N Lucas	-	Section 151 Officer
M Petley	-	Principal Finance Officer
P Gowers	-	Overview and Scrutiny Officer
M Power	-	Democratic Services Officer

244 MINUTES

The Minutes of the meeting held on 7 November 2017 were agreed as a correct record and signed by the Chairman.

245 DECLARATIONS OF INTEREST

Cllrs Mrs J R Lumley and Mrs L Shaw each declared a non-pecuniary interest in Item 6 of the Agenda, Sanctuary Housing, by virtue of being Members of the Sanctuary in Rochford Committee.

246 SANCTUARY HOUSING

The Committee heard from the Managing Director and the Head of Development – Commercial of Sanctuary Housing in Rochford, with an update on the Sanctuary Housing in Rochford development programme.

In response to questions, the following was noted:

- The three small existing assets held by Sanctuary Housing would be developed as follows: Harris Court, Hockley (2 units) earmarked as rental properties at affordable rent; Kimberley Road, Little Wakering (6 units) and Althorne Way, Canewdon (6 units) earmarked as shared ownership properties.
- Until recently the focus of the affordable housing programme had been on shared ownership; the Government had now moved the emphasis to rental properties, which would impact on how Sanctuary Housing delivers the proposed developments. It is estimated that between two thirds and three quarters of the units to be developed by Sanctuary Housing would be for affordable housing; the split between rental and shared ownership properties would depend on the framework dictated by central Government. The remainder of the properties would be available for market sale.
- Social housing is let on two levels of rent: social rent, which is 50-60% of market rent and affordable rent, which is up to 80% of market rent. Recent Government funding rules mean that all new developments and a proportion of relets have to be at affordable rent, not social rent. All rents charged by Sanctuary Housing are set in accordance with Government regulations.
- Of the 692 being progressed by Sanctuary Housing, 21 units are on sites that are not subject to a S106 agreement, but will nevertheless be delivered as affordable housing. In respect of the developments that are subject to S106 agreements, in addition to the requirement for 35% to be affordable, Sanctuary will seek to deliver additional affordable housing. The number and tenure split will be decided on a site by site basis.
- Of the 692 new homes being progressed by Sanctuary Housing, the 511 units where terms have been agreed are planned to be in contract by March 2018; the remaining 181 homes will be started some time after that.
- Sanctuary has seen a loss of approximately two to four properties each year due to the 'right to buy' scheme.
- 'Affordable rent' is not based on an average income of residents of the District. The affordable rent charged by Sanctuary Housing for its properties is dictated by Government policy and is 80% of the market

rate, and includes service charges and other costs. Sanctuary rents are capped in line with local housing allowance caps.

- Approximately 70% of tenants in Sanctuary rented properties would be in receipt of some level of benefit. In partnership with the Council and other agencies, such as Family Mosaic and the Citizens Advice Bureau, Sanctuary Housing will work if required with families to provide advice on benefits available. Each prospective tenant undergoes an affordability check.
- The introduction of Universal Credit has not yet had an impact in the District but this situation may change when it is fully rolled out in Rochford in July, and increased instances of rent arrears may be seen.
- The majority of the properties that Sanctuary lets are subject to a nomination agreement with Rochford District Council: that is, 100% of first lets for new schemes and 75% of any vacancies that occur thereafter (the remaining 25% will be let from Sanctuary list, the majority of whom are existing tenants).
- Sanctuary Housing will maintain a development plan in the Rochford District going forward subject to availability of sites. Subject to being financially viable, Sanctuary is happy to acquire larger sites as they become available. There is a preference for developments where 100% of the site can be secured. The two sites, Folly Lane and Bullwood Hall, are governed by S106 agreements, which require that 35% is affordable housing.
- Sanctuary Housing does not have a policy around discounted homes; its focus is on shared ownership.
- When Sanctuary Housing purchases a site it can consider having more than the 35% of affordable housing required. Each site is different; some can comprise 100% affordable housing, others less. On the larger sites there is the issue of affordability as Sanctuary has to compete with builders. It is not proposed to provide additional affordable housing on the Bullwood Hall site; other sites may be suitable for a higher percentage of affordable housing.
- The houses previously occupied by prison officers on the Bullwood Hall site are privately owned.

247 TREASURY MANAGEMENT 2017/18 MID-YEAR REVIEW

The Committee considered the report of the Section 151 Officer, which sought the views of the Review Committee on the information presented in the report, before it is presented for approval by Full Council on 12 December 2017.

In respect of the outline service provision document for the re-procurement of the Treasury Management Advisors contract, it was proposed that reference to the Portfolio Holder for Finance and the Chairman of the Investment Board attending the two strategy meetings held each year be removed. The Portfolio Holder for Finance felt that he did not need to be involved in the meetings, which were held with the appointed advisors, the Section 151 Officer and the Head of Finance and dealt with operational matters. He confirmed that Treasury Management (TM) performance is fed back to him on a quarterly basis as well as during regular meetings with officers and that all finance reports are put before him as Portfolio Holder. Members sought assurance that, should the Portfolio Holder for Finance and Chairman of Investment Board not attend these meetings, the annual TM strategy would have received their approval prior to being presented to Review Committee and it was confirmed this would be the case. However, because the contract would be let for four years, Members agreed that the option for the Portfolio Holder for Finance and Chairman of Investment Board to attend these meetings be retained in the service provision document.

In response to questions, the following was noted:

- Although no external borrowing was proposed for the current year, any proposed change for 2018/19 would go through the Chairman of the Investment Board and the Portfolio Holder for Finance.
- The Council is likely to retain its AA+ rating requirement for investments; there may be a need, therefore, for a future Treasury Management Strategy to set out separately the criterion that would apply to the Council lending to a subsidiary, for example, Green Gateway Trading (Development) Ltd. The Council is awaiting external advice as part of the financial due diligence process on all options available to the Council when investing in GGT (Development) Ltd; the rate of interest offered to the company would have to reflect the commercial risk to the Council.
- The Government is consulting on proposed changes to the prudential framework of capital finance, including reporting requirements for local authorities who borrow solely to invest: the outcomes and recommendations from the consultation would be reported to the Investment Board once published by Government. Local authorities may borrow in advance of need, where this is expected to provide the best long term value for money. In terms of any potential impact on the Council's right to borrow for property investment in respect of Project Wyvern, there was no indication that Local Authorities would be prevented from borrowing for projects in their own area.
- The Council had begun to see requests from other Local Authorities seeking to borrow funds: this inter-authority lending could potentially offer higher rates than could be achieved by investing in the institutions currently invested in. The Council's Treasury Management Strategy

allows the Council to invest with other Local Authorities although no investments of this nature had been made so far. Members requested assurance that Local Authority loans are guaranteed by Central Government and so provide a secure form of lending.

- The balance in the Council's current account fluctuates according to the cash flow requirement; this is monitored on a day by day basis.
- The contract for the new Treasury Management Advisors, when appointed, would be for 4 years.
- The increase in the estimated budget for capital expenditure as shown in paragraph 5.1 of the officer report was due to the increased cost of the IT migration project as well as other capital projects that had been moved from the previous year to this year.
- Local Authorities are not limited to borrowing from the Public Works Loan Board but generally do so because a more favourable rate can usually be achieved. The Council could potentially borrow from other sources, as long as it keeps within the requirements of its Treasury Management Strategy. It was recognised that the Council continues to have a strategy for its investments that is risk-averse, with security of investments as the primary principle.

Resolved

- (1) That the contents of the Treasury Management Mid Year Report be recommended to Full Council.
- (2) That the service provision document appended to the officer report be used for the procurement of a Treasury Management Advisory provider, subject to the following amendment to paragraph one: 'Attendance at two strategy meetings a year, with the Section 151 Officer and the Head of Finance, with the option of the Portfolio Holder for Finance and the Chairman of the Investment Board attending should they so wish' be noted.

248 MEMBER LEARNING AND DEVELOPMENT

The Committee considered the report of the Standards Committee on adjustments to Member training arrangements in the context of observations made by the Review Committee on Member Learning and Development.

The Review Committee was pleased to receive and note the recommendations of the Standards Committee to Full Council.

Recommended to Council:

- (1) That a Working Group of the Standards Committee, comprising the Chairman of the Committee, three other cross Group Members and an

Independent Person in an advisory capacity, be convened for the purpose of agreeing the content of the Member training programme for the 2018/19 Municipal Year and future years, reporting back to the Standards Committee on any matters that would require adjustment to general training policies. Considerations of the Working Group to include:

- (a) The length of training sessions being determined by the need and nature of the training, rather than for a prescribed and how the differing needs of newer or more experienced Councillors can be accommodated.
 - (b) Information from post-course questionnaires from current and previous year training courses and input from the Leadership Team on courses that they feel would benefit Members.
 - (c) Induction training for newly elected Members.
 - (d) The building in of appropriate breaks within each training session.
 - (e) The design of the current post-course survey form and the possibility of providing an on-line version.
 - (f) The way that course evaluation forms are submitted.
- (2) Officers to undertake a survey of all Members in respect of their training requirements/observations by no later than 1 January 2018, the results of which can be fed into the first meeting of the Working Group.
- (3) That in relation to mandatory training:
- (a) The requirement to attend mandatory Licensing Committee training each year be mandatory only in respect of enabling Members to sit on Licensing hearings and that Members of the Licensing Committee who do not attend mandatory Licensing Committee training should remain as voting Members of the Licensing Committee.
 - (b) The requirement to attend Appeals Committee training be mandatory for each Municipal Year.
 - (c) The requirement to attend mandatory Appeals Committee training each year be mandatory only in respect of enabling Members to sit on Appeals hearings and that Members of the Appeals Committee who do not attend mandatory Appeals Committee training should remain as voting Members of the Appeals Committee.
 - (d) That the Working Group established under recommendation (1) above include consideration of bi-annual training for Licensing Committee Members to allow revision of matters relating to Licensing Sub-Committee hearings, including Chairmanship.

- (e) That the Working Group established under recommendation (1) above include consideration of the provision of different training for new and existing Members of the Development Committee and the content of the training offered to ensure that it is appropriate to the needs of the Development Committee.

249 KEY DECISIONS DOCUMENT

The Committee considered the Key Decisions Document and noted its contents.

250 WORK PLAN

The Committee considered and approved its work plan.

It was noted that the title of the item scheduled for the 9 January 2018 meeting of the Committee should be amended to make it clear that the review will be on the Council's use of social media.

Members were concerned that the review of the Council's Constitution had not progressed during the current municipal year and requested that the Review Committee Chairman raise the issue with the Assistant Director, Legal Services.

The meeting closed at 9.17 pm.

Chairman

Date

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