

## Review Committee – 6 February 2018

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Minutes of the meeting of the **Review Committee** held on **6 February 2018** when there were present:-

Chairman: Cllr J C Burton  
Vice-Chairman: Cllr R Milne

Cllr N L Cooper	Cllr J R F Mason
Cllr R R Dray	Cllr J E Newport
Cllr Mrs J R Gooding	Cllr Mrs L Shaw
Cllr B T Hazlewood	Cllr C M Stanley
Cllr N J Hookway	Cllr A L Williams
Cllr Mrs C M Mason	

### **VISITING MEMBERS**

Cllrs D J Sperring and S P Smith

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllrs M Hoy and Mrs J R Lumley.

### **SUBSTITUTES**

Cllr Mrs D Hoy for Cllr M Hoy

### **OFFICERS PRESENT**

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

### **26 MINUTES**

The Minutes of the meeting held on 9 January 2018 were agreed as a correct record and signed by the Chairman.

### **27 DECLARATIONS OF INTEREST**

Councillors each declared a non-pecuniary interest in Item 6 of the Agenda 'Council's Petition Process' as follows: Cllr R R Dray by virtue of being a Member of Rayleigh Town Council and Chairman of the Rayleigh Town Council Crown Hill Toilets Working Group; Cllrs J C Burton and C M Stanley by virtue of being Members of Rayleigh Town Council Crown Hill Toilets Working Group; Cllr J E Newport as both a Member of Rayleigh Town Council and being acquainted with the petition organiser, Mr Lambourne; Cllr Mrs C M Mason by virtue of being acquainted with Mr Lambourne; Cllr J R F Mason, Leader of the

Green and Rochford District Residents Group by virtue of agreeing that Mr Lambourne could stand as a prospective candidate in the May 2018 elections and Cllr R Milne by virtue of being a Member of Rayleigh Town Council.

### **28 COUNCIL'S PETITION PROCESS**

The Committee considered the report of the Assistant Director, Democratic Services relating to a request by a petition organiser that the steps taken by the Council in response to their petition be reviewed.

The Chairman invited the petition organiser, Mr R Lambourne, to present the issues he had raised relating to the Council's petition process.

Mr Lambourne reiterated that, despite the request within the petition, the full costs of toilet refurbishment had not been made available for debate at the meeting of Full Council at which the petition had been heard. The Committee was advised that costings would have been provided had the petition been agreed by Council.

Mr Lambourne stated that when he had proposed the petition officers had not provided advice on how he should word it to enable him to achieve the outcome he wished, that is, for the petition to go before the Review Committee. He felt that the Constitution did not make it clear that it would not as a matter of course be put to the Review Committee rather than Full Council when it had exceeded 750 signatures.

The question of a Council Member being excluded from raising a petition, when this was not specifically referenced in the Constitution, was also raised.

The level of testing that had been undertaken by the Council of the e-petition system was questioned. It was noted that the issue of signatures being able to be duplicated on the Council's e-petition site had been addressed by the software provider and would be applied to the Council's e-petition scheme following testing.

A Member commented that a resident had not been able to raise a petition directly on-line and that this had had to be done via Member Services. Reference was made to an email from the Assistant Director, Legal Services, which referred to an Act of Parliament on which the wording in the Constitution relied, but that detail of the legislation was not included in the Constitution.

It was agreed that, going forward, there could be greater clarity in the wording associated with the petitions process and the guidance for residents who wished to raise a petition. Petition wording should be as clear and straightforward as possible.

Mr Lambourne advised that he had received acknowledgement of the petition request within the time frames provided for and had been made aware of revised wording suggested by officers.

Members agreed that it would be appropriate for wording associated with the Council's petition process to be reviewed as part of the work of the Review Committee's Constitution Project Team as soon as possible. The Assistant Director, Democratic Services confirmed that he would be able to provide the Project Team with draft revised wording for the petition process set out in the Constitution for its next meeting. Legislation associated with the petitions process could be referenced. A letter of acknowledgement that could be sent to petition organisers outlining the process and the options available could also be drafted. Any suggested adjustment to wording proposed by the petitioner could be included in this letter.

Members felt that the Project Team should consider including an opportunity within the process for a petition organiser, or their representative, to ask supplementary questions following his/her presentation at a meeting of Full Council. It was also felt that consideration should be given to referencing appropriate legislation in some other parts of the Constitution.

### **Resolved**

- (1) That the wording in the Constitution associated with the Council's petition process be reviewed by the Review Committee's Constitution Project Team as soon as possible with recommendations made to the Review Committee.
- (2) That the next meeting of the Project Team be provided with a draft of revised wording that could be included in the Constitution with a view to the process being clear and understandable. Legislation associated with the petitions process to be referenced. A letter of acknowledgement that could be sent to petition organisers to also be drafted for the Project Team.
- (3) That the Project Team consider the inclusion of an opportunity within the petitions process for the petition organiser, or their representative, to ask supplementary questions following his/her presentation at a meeting of Full Council and the inclusion of references to appropriate legislation in some other parts of the Constitution. (ADDS)

## **29 HOUSING OPTIONS PREVENTION FUND POLICY**

The Committee considered the report of the Assistant Director, Democratic Services on the call-in of an Executive decision.

In response to questions, the following was noted:-

- The wording in reports should make it clear that any savings stated are estimated and not actual savings.
- The current level of debt outstanding related to 50% of the live cases, this amounted to an outstanding amount of approximately £22,000, and was being actively pursued through the debtors service.

- The wording in the Policy regarding rent arrears would be clarified to rectify the contradiction whereby one paragraph stated that, where there is a history of rent arrears, the Council would not provide assistance and a subsequent paragraph implying that the Council could provide a loan for rent arrears.

The Committee asked that the Portfolio Holder for Community clarify in writing the Council's position on the approach taken by the Housing Options team for clients served with a S21 notice and the advice being given to remain in the property until the landlord has obtained a court possession order requiring them to leave.

It was noted that, if a tenant was to vacate a property before the relevant order, the Council could consider they had made themselves intentionally homeless. The Committee asked that the Portfolio Holder for Community review this approach, with a view to amending it to protect vulnerable residents.

It was also noted that:-

- In respect of the rent deposit scheme where the Council lends a client a rent deposit equivalent to one month's rent, which is paid direct to the landlord, the Council would only enter into a contract with a client who, when assessed, met the affordability criteria currently and going forward. Affordability is assessed via a credit check undertaken by the Council that is tailored to the individual client and considers in detail their income and expenditure.
- In respect of whether the potential increase in homeless people requiring this scheme would put pressure on the Council to increase its debt margin, the overall debt level would be no greater than the £50,000 set in the budget, which allowed for up to 90% of debt.
- In respect of how realistic it was that a three bedroomed house in Rayleigh could be rented for £810 per month, the Council was flexible in its approach and would compare the cost of providing rented accommodation with what it would cost to house a client in temporary accommodation.

### **Resolved**

That this matter be referred back to the Portfolio Holder for Community with a request that the issues raised by the Committee in relation to the Housing Options Prevention Fund Policy be considered and that there be written clarification on the approach taken by the Housing Options team in respect of the Council's policy for clients served with a S21 notice and the advice being given to remain in the property until the landlord has obtained a court possession order requiring them to leave. (AD-CHS)

### 30 CAPITAL AND TREASURY MANAGEMENT STRATEGY 2018/19

The Committee considered the report of the Section 151 Officer, which set out the Council's Capital and Treasury Management Strategy for 2018/19 and sought the Committee's views on the approach proposed in the Strategy, before it is presented for approval by Full Council on 13 February 2018.

The Section 151 Officer had provided an Addendum to the report on possible options in relation to inter-authority lending.

In response to a question, the Section 151 Officer confirmed that the Council's Treasury Management advisers, Link Asset Services, did not undertake credit rating for individual Local Authorities.

In response to a question as to how the officers had reached the recommendation to keep the category of lending to other local authorities in the strategy, the Committee was advised that professional advice had been taken from the Council's Treasury Management advisors as well as communication undertaken with the peer group. The majority of other Councils included this option of lending in their Treasury Management Strategy. The Ministry for Housing, Communities and Local Government (MHCLG) classified Local Authorities under the same heading as Central Government in its list of specified investments within its latest statutory guidance on Local Government Investments. Although all investments had risk attached, the Council's priorities remained focussed on security and liquidity before yield was considered and officers believed that there was adequate security in inter-authority lending when taken as part of a balanced portfolio of investments.

The Section 151 Officer added that, if the Council was to choose to go down the route of making such investments, it could establish a framework of checks in advance of any offers coming through from other local authorities. These checks could include a review of the local authority's financial statements or balance sheet for the previous two years, which would be a relatively quick and easy way of showing the financial health of the authority. A Member observed that a full picture of the financial health of a local authority could not be ascertained from a balance sheet as this would not provide the debt profile or current financial circumstances of a Council in sufficient detail to ensure an adequate credit risk analysis.

The Portfolio Holder for Finance indicated that this would be a relatively small change of establishing a framework of checks before lending to other Local Authorities. The option to lend to other local authorities had not to this point been taken up and would not be a principal method of investing, but provide a greater number of investment options. The underlying priorities of the Council's investment strategy were security and liquidity and the Council was not looking for high yield or high risk as it was a cautious investor and had been for a number of years.

The Council looked carefully before selecting investments and sought advice from Link Asset Services, who advised that investment in other local authorities

continued to be acceptable. However, the same system of credit rating could not be used for local authorities as would be used for other financial institutions.

A Member referred to potential risk associated with lending to local authorities in the light of news stories on the financial difficulties of Northampton County Council and potentially other authorities, and because there is no form of credit rating for most local authorities.

In response to a question regarding how much more interest the Council would earn from lending to a local authority as opposed to a fully credit rated bank and whether the risk was worth taking, the Committee was advised that local authorities were offering higher interest rates. Specifically, the overnight deposit rate for the Council's Lloyds Bank current account had been 0.2%; 0.6% could have been achieved by investing with a local authority. The Committee asked to be provided with a monetary value of the difference of 0.4% that could be achieved by investing with a local authority compared with Lloyds Bank.

In response to a question around why Rochford, as a cautious Council, would continue to include inter-authority lending as an option for investment when it had not taken up this option previously and when it was apparent that some local authorities had financial difficulties, the Committee was advised that the primary reason for keeping this option on the lending list was not for financial return. Local authorities had been on the lending list until now and there had not been a serious increase in risk in the previous twelve months. If the Council's risk appetite was now more risk averse in light of recent press, the Strategy could be amended. The Council had not chosen to exercise this option in the past; however, if it were to adopt a less risk adverse stance in future the option of inter-authority lending could be re-considered for inclusion in the Strategy. It was further stated that it was not practicable to maintain a list of authorities that the Council would consider lending to although, potentially, a list of those that would definitely not be invested in could be compiled.

It was confirmed that Council would decide whether or not to include inter-authority lending when it approved the Treasury Management Strategy and the Section 151 Officer had delegated authority to determine the individual investment decisions in line with the Strategy. The Review Committee could recommend to Council the Strategy as it stands or with amendments.

In response to a request for clarification of the meaning of 'expected investments' (which had risen from £3m to £6.6m from 2017/18 to 2021/22) in the table in paragraph 6.1 of the report, the Committee was advised that these were expected level of reserves at the end of each financial year, given the Council's predicted income levels but without major project spend, which was not yet agreed.

In terms of borrowing in advance of need, the Committee felt that that paragraph 9.5, 'it is unlikely that the Council will require any borrowing in advance of need' should be moved to the beginning of Item 9 and that, for clarity, paragraph 9.3 should be reworded to state that the Section 151 Officer had delegated authority to borrow in advance of need.

In response for a request for clarification, the Section 151 Officer confirmed that, under the new banking regulations (MiFID 11) the Council, along with the majority of local authorities, had elected to opt up to professional status, which enabled it to continue to invest in a wider range of funds in accordance with its Investment Strategy. If the Council had remained as a Retail Counterparty, this would have impinged on its ability to invest in investments currently on the list, including in money market funds. The Council had met the level of balances required and had sufficient suitably experienced staff to enable it to opt up. The Section 151 Officer would check whether there would be a specific impact on lending to Local Authorities if the Council were to remain as a Retail Counterparty and would establish if or when the Council's classification would be reassessed.

On a requisition pursuant to Council Procedure Rule 17.4 a recorded vote was taken on a motion, moved by Cllr J R F Mason and seconded by Cllr Mrs C M Mason, that the option of inter-authority lending for 2018/19 be removed from the Treasury Management Strategy and some adjustments to the section on Borrowing in Advance of Need, as follows:-

- For (8) Cllrs J C Burton, N L Cooper, N J Hookway, Mrs D Hoy, Mrs C M Mason, J R F Mason, J E Newport and C M Stanley.
- Against (6) Cllrs R R Dray, Mrs J R Gooding, B T Hazlewood, R Milne, Mrs L Shaw and A L Williams.
- Abstain (0)

The motion was declared carried and it was:-

### **Resolved**

That the contents of the report be noted and that adoption of the Capital and Treasury Management Strategy for 2018/19 be **Recommended to Council**, subject to removal of the option of Inter-Authority lending from the proposed lending list for 2018/19 and adjustments to the section on Borrowing in Advance of Need so that paragraph 9.5 is moved to the beginning and paragraph 9.3 is reworded to state that the Section 151 Officer had delegated authority to borrow in advance of need. (S151O)

## **31 CHARGING FOR WHEELED BINS TO NEW PROPERTIES**

The Committee considered the report of the Assistant Director, Environmental Services on the conclusions from the review of the effectiveness of the current approach to charging for the supply of wheeled bins to new properties.

In response to questions, the following was noted:-

- Sita Suez invoices the Council for bins it supplies to new properties. The Council invoices residents.

- The majority of new developments in the District have complied with the charging scheme for the supply of wheeled bins and pay in advance.
- Stock is now monitored so that there are replacement bins available as needed. Sita Suez provides a weekly summary of existing stock and track deliveries and orders that they have. Baseline levels of stock have been established.
- Residents can be provided with replacement bins or parts of bins if they become damaged.

### Resolved

That it be noted that the charging system for bins for new properties appears to be effective.

### 32 KEY DECISIONS DOCUMENT

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

### 33 WORK PLAN

The Committee considered its Work Plan.

It was noted that the ICT and Constitution review project teams had meetings arranged.

The meeting closed at 10.14 pm.

Chairman .....

Date .....

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