

Review Committee – 7 February 2017

Minutes of the meeting of the **Review Committee** held on **7 February 2017** when there were present:-

Chairman: Cllr J C Burton
Vice-Chairman: Cllr B T Hazlewood

Cllr N L Cooper	Cllr J R F Mason
Cllr R R Dray	Cllr R Milne
Cllr N J Hookway	Cllr Mrs L Shaw
Cllr M Hoy	Cllr C M Stanley
Cllr M J Lucas-Gill	Cllr A L Williams
Cllr Mrs C M Mason	

VISITING MEMBERS

Cllrs G J Ioannou and D J Sperring

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Mrs J R Gooding

SUBSTITUTE

Cllr M J Webb - for Cllr Mrs J R Gooding

ALSO PRESENT

E Keegan - Managing Director, Sanctuary Housing in Rochford
C Cole - Head of Development, Sanctuary Housing in Rochford

OFFICERS PRESENT

S Scrutton - Managing Director
R Manning - Section 151 Officer
L Moss - Assistant Director, Community & Housing Services
D Tribe - Assistant Director, Customer, Revenues & Benefits Services
M Petley - Principal Finance Officer
J Hurrell - Housing Options Team Leader
A Badger - Housing Options, Allocations and Enabling Officer
P Gowers - Overview & Scrutiny Officer
M Power - Democratic Services Officer

17 MINUTES

The Minutes of the meeting held on 10 January 2017 were agreed as a correct record and signed by the Chairman.

18 SANCTUARY HOUSING

The Committee received a presentation from Emma Keegan, Managing Director of Sanctuary Housing in Rochford, with an update on their development programme.

In response to questions, the following was noted:

- An affordable property is as defined by central Government; Sanctuary Housing is bound by the rents set by Government policy, that is, 20% lower than in the private sector. A smaller unit size or the option of shared ownership can help to make a property for purchase more affordable and the purchase price can be further reduced by offering the option of a lower percentage share in a property.
- Sanctuary Housing confirmed that, to date, 153 properties had been completed; the majority of these pre-dated the Deed of Variation agreement between Sanctuary Housing and Rochford District Council made in June 2016. The Deed of Variation specified that 363 homes would be needed to achieve the 500 properties specified in the original housing transfer agreement. There will be a mix of tenures on each site.
- On the Bullwood Hall site there is outline planning consent for 60 units; the Section 106 agreement requires that a minimum of 35% of these are affordable (20 units). Sanctuary has now acquired the site and, this being the case, all properties will count towards the 500 target. A revised layout of the site was being designed at present, and it was anticipated the total number of units will increase slightly. It was acknowledged that this site was in one of the District's higher value areas and that this may have an impact on the selling price of the housing, though affordable homes would be rented at 80% of the market rent.
- The Sanctuary schemes are in different stages in the planning/ construction process. Sanctuary has pieces of land within the area where new housing can be developed to provide 40 new homes, subject to gaining planning consent.
- In response to a question regarding ongoing maintenance of existing properties, Sanctuary Housing has a programme of bringing existing stock up to a habitable level and planned to invest £40 million in the current stock by March 2018: this was contained within the original housing transfer agreement.
- Sanctuary Housing confirmed that of the 500 properties, or residual 314 (that are not yet completed but are in various stages of completion), not all will be affordable homes as per the government's definition i.e. affordable rent or shared ownership. There will be a mix of tenures, which will vary from site to site, but any site developed by Sanctuary will meet the Council's affordable housing policy requirements.

- In response to a question asking for detail on the penalty clauses in the Agreement if Sanctuary Housing fails to meet the target, the Rochford District Council Managing Director stated that as this was a public meeting, the detail in the Deed of Variation, which was an exempt legal document, could not be discussed.

Members expressed disappointment that the Portfolio Holder for Community had not attended the meeting. This would be fed back to all the Portfolio Holders by the Managing Director.

19 HOMELESSNESS UPDATE

The Committee considered the report of the Assistant Director, Community & Housing Services, which provided an update on homelessness in the District.

The Assistant Director, Community & Housing Services advised that there had been 130 approaches to the Council's Housing Options service in January 2017, the highest number so far this year, which shows the continuing demand for housing option services

In response to questions, the following was noted:

- There will be no specific charge made by Sanctuary Housing to the Council for housing people in Francis Cottee Lodge, Rayleigh. The Council anticipates gross homeless expenditure savings of £402,000 per annum on the cost of bed and breakfast accommodation based on the future availability of the 17 units in Francis Cottee Lodge. This expenditure figure is balanced against income, that is, housing benefit subsidy for each household accommodated at Francis Cottee Lodge of £104.87 per week (a total of £92,000) and, together with household contributions of an average of £23.58 per week (a total of £20,000), this amounts to predicted net annual savings of £288,000 across the 17 units. (The Section 151 Officer explained that the reduction in homelessness cost for Francis Cottee Lodge detailed in the Medium Term Financial Strategy document being presented to Full Council on 14 February was in respect of just half a year's savings, as residents would not move into the accommodation until the beginning of Quarter 3 2017/18.)
- If applicants from other Councils meet the allocation policy criterion they will be eligible to apply to be placed on the Rochford District Council housing register. The Rochford District Council Housing Allocations Policy is currently under review, to take into account new case law outcomes, and will be in accordance with Government legislation.
- If another Council places a person in private rented accommodation or Housing Association property in the Rochford District a local connection can be established following three years of residence, as per Housing Allocation Policy.

- If this placement is a discharge of that Council's homeless duty, the person would be able to apply to be put on the Rochford District housing register as long as the criteria of the Housing Allocations Policy are met. An applicant from another Council area can make a homeless application to any Local Authority area in the country. If, however, a resident from another local authority area has been housed in the Rochford District by that authority under emergency or temporary accommodation, the original authority will retain its duty to the family and the costs will remain with the other Council.
- There are currently no records kept of the number of homeless placed by other Councils in the District's accommodation and the consequent impact on infrastructure, although to date the impact has been minimal. Rochford District Council is part of the Eastern Region Authorities Group, which is undertaking a review in this respect for all Essex authorities.
- Essex County Council are decommissioning housing related support services as part of their savings programme, in the region of £5.1 million. This will impact on the level of provider support available for local residents. 200 residents were supported by Family Mosaic in 2016/17 and it is anticipated that this number would increase in 2017/18, as the prevention duties emerge.
- The local prevention targets were introduced this year; there is currently no monthly target and, to date, no benchmarking has been done. The savings are based on the cost of bed and breakfast accommodation that would be saved, as a result of the client not having to make a homeless application..
- People who have been prevented from making a homeless application but go on to apply at a later date and are subsequently placed in bed and breakfast accommodation are formally recorded as being homeless.
- The S151 Officer reminded Members that where a homeless duty for a client has been discharged to a property in the District these clients are then deemed to be permanent residents and, therefore, contribute via Council Tax payments

Resolved

That the Homelessness Strategy work and the ongoing need to demand manage the Service, as outlined in the officer report and appendix, be noted.

20 TREASURY MANAGEMENT STRATEGY STATEMENT, ANNUAL INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION POLICY STATEMENT 2017/18

The Committee considered the report of the Section 151 Officer on the Council's Treasury Strategy for borrowing and investment.

It was noted that the Portfolio Holder for Finance had been invited to the meeting but was not in attendance.

In response to questions raised by Members prior to the meeting, the Section 151 Officer advised the following:

- The Capital Financing Requirement (CFR) is the maximum allowable Capital programme that can be financed through borrowing. The CFR can be updated throughout the year, but must be approved by Council (either directly or through a formal Investment Board recommendation). The CFR is likely to change as the Investment Board starts to make investment decisions. Updates will be made to the Review Committee and can be included in the usual half yearly Treasury Management report, according to the wishes of the Committee.
- The entry in the Capital Expenditure table 'Other Earmarked Reserves' of £264,000 is for the Council's Cloud IT project and will be met from the Infrastructure reserve for 2017/18.
- The 'equal instalment' method of calculating Minimum Revenue Provision (MRP) is achieved by the provision being split over its usual life equally. The 'annuity' method is where the provision each year is matched to the revenue stream being created, so in years where there is a lower income, there would be a correspondingly lower MRP. Both methods have the same total MRP amount; it is the amount of provision per year that is decided on a case by case basis, depending on the capital investment type and any expected income.
- Further to the Review Committee's resolution in April 2016 that the Treasury Management Task and Finish Group looks at what the Council gets in terms of added value for the investment advice service it receives from its Treasury Management advisor, Capita, the Section 151 Officer advised that the current contract is due for renewal in April 2018. The Task and Finish Group, therefore, should look to conclude its work by September 2017 as this would coincide with the commencement of the formal procurement process. The Task and Finish Group could also consider whether Essex County Council should become the provider (as part of the Section 151 role), which would remove the need for a separate advisor altogether.
- A Member commented that it was right to have concerns about the commercial property market, as opposed to the private housing market, in the wake of Brexit.
- It is difficult to forecast the movement of interest rates but predictions are that they will remain low over the next few years.
- In response to a Member question about the opportunities for the Council to make savings by investing in new technologies, the Section 151 Officer

advised that the digitisation of some services could be considered. However, investment in technology markets was not considered a prudent approach given the risk averse nature of the Council's Investment Strategy. Opportunities to maximise income generated by the best use of the Council's capital assets is part of the Investment Board's Asset Register review.

Resolved

- (1) That the Treasury Management Strategy Statement and Annual Investment Strategy including the investments instruments, indicators, limits and delegations contained within the officer report, be noted.
- (2) That the Capital Expenditure Forecasts be noted.
- (3) That the Minimum Revenue Provision (MRP) policy for 2017/18 be noted.
- (4) That the Authorised Limit for external debt as laid down in the report be noted.
- (5) That a Review Committee Task and Finish group be formed to look at what the Council gets in terms of added value for the investment advice service it receives from its Treasury Management advisors, Capita, including consideration of the alternative of Essex County Council providing the investment advice.

Recommended to Council

- (6) That the contents of the report be noted.

21 ICT UPDATE

The Committee considered the report of the Managing Director, which provided an update on the questions raised at the Committee's previous meeting.

In response to questions, the following was noted:

- The Portfolio Holder for Enterprise, Cllr G Ioannou, advised that as part of his involvement in the monitoring of the process of migration from the Council's existing IT system to the new cloud technology and Microsoft 365, he had expressed concern that the present contractor was not fulfilling its part of the process. The appointed contractor, Eduserve, had guided the Rochford IT team through the migration process and would provide support throughout the project. The Council would take advice on the firewall/virus protection needed for the new systems to ensure that data is not compromised: this aspect will be addressed during the test phase of the process.

- The Council's current software licences run until the end of April 2017 and the licence for the Microsoft 365 software becomes effective on 1 May. The Council has purchased the licenses in advance and will be delivering Microsoft 365 in April 2017 as Phase One of the process. The new system cannot be implemented until after thorough user acceptance testing on existing systems. Workshops will be established to test the systems internally and additional licenses of 365 will be placed on Council's servers for this purpose. The Council would not use unlicensed software.
- There would be a cost in officer resource to produce figures showing the cost of iPads compared with paper documents for distribution of Committee papers to Members. The Council owns the Councillor iPads: if any iPads become inoperable they will be replaced. Current arrangements will continue until the best way of accessing services in the Cloud has been determined.
- The Council has 'Good' software licences to enable Councillor use of emails on the iPads. Savings will be made when the Council moves from using 'Good' software on the Councillor iPads to Microsoft 365.
- The Assistant Director, Customer, Revenues & Benefits Services has responsibility for the migration to the new IT contract. When the Council moves to the new contract, the contractor will manage the strategic overview and development of the systems. There will also be IT specialists employed by the authority to run the IT systems on a day to day basis.
- The Review Committee Task and Finish group to review the future provision of third party software could include a review of the new IT contract; this may have an impact on staff time if officers are to be involved. While the Task and Finish group is waiting to do the wider review it could do some work on the Council's Telecoms contract.

Resolved

That the contents of the report be noted.

22 KEY DECISIONS DOCUMENT

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

23 WORK PLAN

The Committee considered its Work Plan and noted the following:

Meeting on 14 March: Members requested that the Community Safety Partnership item be limited to a maximum of 30 minutes. The Overview and Scrutiny officer was asked to establish whether there would be information

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available at the meeting on the proposals for setting the priorities for the CSP for 2017/18.

The project team for the Treasury Management Task and Finish Group was agreed: Cllrs J C Burton, N J Hookway, Mrs C M Mason and J R F Mason.

The project team for the ICT Task and Finish Group was agreed: Cllrs J R F Mason, R Milne, J E Newport and C M Stanley.

The meeting closed at 9.55 pm.

Chairman

Date

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