

Review Committee – 4 February 2020

Minutes of the meeting of the **Review Committee** held on **4 February 2020** when there were present:-

Chairman: Cllr J C Burton
Vice-Chairman: Cllr D J Sperring

Cllr C C Cannell
Cllr T G Cutmore
Cllr Mrs J R Gooding
Cllr B T Hazlewood
Cllr Mrs D Hoy
Cllr M Hoy

Cllr Mrs J E McPherson
Cllr Mrs C M Mason
Cllr R Milne
Cllr Mrs L Shaw
Cllr P J Shaw

VISITING MEMBER

Cllr S P Smith

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs Mrs D L Belton and Mrs C A Pavelin

SUBSTITUTES

Cllr D Merrick for Cllr Mrs D L Belton

OFFICERS PRESENT

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| N Lucas | - | Assistant Director, Resources |
| P Gowers | - | Overview & Scrutiny Officer |
| M Power | - | Democratic Services Officer |

11 MINUTES

The Minutes of the meeting held on 7 January 2020 were agreed as a correct record and signed by the Chairman, with the following addition to the second resolution of Minute 2/2020:-

The update report to the Committee on 2 April 2020 should specifically include how Members, and Ward Members in particular, are communicated with in the case of an emergency; a suggestion could be a flow chart showing where the Councillor is positioned in the communications process.

12 CAPITAL AND TREASURY MANAGEMENT STRATEGY 2020/21

The Committee considered the report of the Assistant Director, Resources, which set out the Council's Capital and Treasury Management for 2020/21.

In response to questions, the following was noted:-

- The Council is permitted under statutory guidance to make commercial investments; although currently it does not hold any, it may wish to explore this option in the future. The Council can consider making loans to third parties to support regeneration and growth in the local area and, in this context, Councillors had received a presentation by the Association of South Essex Local Authorities (ASELA). However, no decision had been made on this type of investment and any decision would be subject to agreement by Full Council and be subject to a separate governance process. There was currently no proposal to change the Council's risk criteria or the type of investments it makes.
- It was suggested that any proposal to change the Council's capital investment strategy and the criteria within the Council's appetite for risk for involvement in commercial investments should come before the Review Committee before being considered by Full Council.
- There was concern that, if there is a need to move quickly to grasp an investment opportunity, to have a formal process in place that requires a proposal to come to the Review Committee prior to it being considered by Full Council might hold up the process.
- The Portfolio Holder, Finance advised that currently there was no proposal in place in respect of how ASELA would be progressed, nor a confirmed timescale for when a decision would be made. However, it would be reasonable to consider drawing up a strategy detailing potential risk parameters for potential future commercial investments in advance. The report covered a number of investment aspects that the Council could consider.
- The Assistant Director, Resources would report back on this to the Committee as part of the Treasury Management Annual Review, which is due to come to its July 2020 meeting.
- The proposed funding for the Asset Delivery programme for the next financial year accounted for the increase in 2020/21 of £1.039 million in capital expenditure. The decision on the Asset Delivery Programme would be subject to Council agreement of the Full Business Case; however, this would be based on the Outline Business Case already approved by Council. The Council is currently at the stage of assessing bids.
- The net capital funding requirement amount of £0.6m, shown in paragraph 7.3 of the report, was in respect of the asset delivery programme outline business case. An updated figure would be available when the full business case for the programme had been completed; this was expected imminently.

- Since the publication of the report, the Council's treasury management advisors had scaled back their forecast of a bank rate increase from 0.75% to 1%, as this may now not be the case.
- The use of earmarked reserves to fund the Council's capital expenditure had almost doubled in 2020/21 compared with the 2019/20, due to the use of the New Homes Bonus to fund play spaces in the District within the capital programme.
- The Council had not received any loan requests from third parties; in the past it had made a loan to its subsidiary under the Local Authority Trading Company agreement. There may be further opportunities in future under ASELA, although there were no proposals currently.
- Currently there was no designated resource for officers to investigate commercial investment opportunities. If the Council determined that this was a strategy it wanted to pursue, it could seek specialist advice to look proactively at opportunities.

Resolved

- (1) That the Capital and Treasury Management Strategy Statement, including the investment instruments, indicators, limits and delegations contained within the report, be noted.
- (2) That the Capital Expenditure Forecasts be noted.
- (3) That the Operational and Authorised Limits for external debt as laid down in the report be noted.
- (4) That the Treasury Management Annual Review report to the Committee at its July 2020 meeting includes information on the Council's strategy and risk parameters in respect of possible future commercial investments.
- (5) That the contents of the report be **Recommended to Council**.

13 KEY DECISIONS DOCUMENT

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

14 WORK PLAN

The Committee considered its work plan.

3 March 2020 - There would be representatives from the Police and the Community Safety Partnership (CSP) at the meeting.

Members requested the following be discussed at the meeting:-

- Details of the priorities of the CSP, the level of funding and what it would be spent on and how it would meet the priorities.
- The issue of how the CSP avoids the duplication of funding applications by organisations and if there is a way that that the CSP can assist organisations that have only small pots of money to receive more useful sums of money.

Members could email the Overview & Scrutiny Officer with questions prior to the meeting.

Corporate peer review. A Member requested that the Review Committee undertakes a review of the Council's overview & scrutiny function to see if there are areas that can be identified where the Committee could improve and become more effective, in light of the report from the recent the peer challenge. It was noted that an action plan arising from the findings in the report would be available shortly and it would be useful to consider this before any decision is made. The Managing Director would be asked when the action plan would be available.

The Chairman of the Review Committee stated that he would be advising the Council that he objected to the fact that neither he nor the Overview & Scrutiny officer had been interviewed by the peer review team or asked for their input.

The Overview & Scrutiny officer advised that he was in conversation with the Centre for Public Scrutiny with a view to their undertaking an independent review of the Council's scrutiny function to establish areas for improvement.

This could be considered by the Review Committee for inclusion in its 2020/21 work programme.

The meeting closed at 8.21 pm.

Chairman

Date

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