

MINUTES OF A MEETING OF THE
JOINT MEETING OF SCRUTINY
COMMITTEES HELD IN THE COUNCIL
CHAMBER, WALLFIELDS, HERTFORD ON
TUESDAY 17 JANUARY 2017, AT 7.00 PM

PRESENT: Councillor M Allen (Chairman)
Councillors D Abbott, A Alder, P Ballam,
P Boylan, R Brunton, M Casey,
Mrs R Cheswright, S Cousins, K Crofton,
G Cutting, B Deering, I Devonshire, H Drake,
M Freeman, J Goodeve, R Henson, J Jones,
J Kaye, M McMullen, D Oldridge, M Pope,
S Reed, P Ruffles, C Snowdon, M Stevenson
and J Wyllie.

ALSO PRESENT:

Councillors E Buckmaster, L Haysey,
A Jackson, G Jones, G McAndrew, T Page,
S Rutland-Barsby and G Williamson.

OFFICERS IN ATTENDANCE:

Fiona Corcoran	- Scrutiny Officer
Jonathan Geall	- Head of Housing and Health
Philip Gregory	- Head of Strategic Finance and Property
Peter Mannings	- Democratic Services Officer
Tess Michaels	- Legal and Democratic Services Apprentice
Helen Standen	- Director

523 APPOINTMENT OF CHAIRMAN

It was proposed by Councillor P Ruffles and seconded by

Councillor J Jones that Councillor M Allen be appointed Chairman for the joint meeting.

RESOLVED – that Councillor M Allen be appointed Chairman for the joint meeting.

524 APOLOGIES

Apologies for absence were submitted on behalf of Councillors Mrs D Hollebon, P Moore, R Standley and N Symonds.

525 MINUTES – 9 FEBRUARY 2016

RESOLVED – that the Minutes of the joint meeting held on 9 February 2016 be confirmed as a correct record and signed by the Chairman.

526 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Scrutiny Members to the joint meeting.

527 BUDGET REPORT AND MEDIUM TERM FINANCIAL PLAN 2017/18 – 2020/21

The Executive Member for Finance and Support Services submitted a report which set out proposals in respect of the following:

- The 2016/17 revenue budget forecast outturn
- The 2017/18 revenue budget
- The 2017/18 Schedule of Charges
- The 2016/17 (revised) to 2020/21 Capital Programme
- The Medium Term Financial Plan 2017/18 – 2020/21
- The Council's Reserves

The Head of Strategic Finance and Property detailed a number of key points in respect of the 2017/18 revenue

budget. He highlighted a number of useful sections of the report and provided a detailed breakdown of the overall format of the report and supporting Essential Reference Papers.

The Head responded to a number of questions that had been submitted to Officers in advance of the meeting. The Ambassador and Executive Member for Shared Services responded to a query from Councillor M Casey regarding long term loans and associated repayments that were detailed in the Medium Term Financial Plan (MTFP).

Officers and the Executive Member for Development Management and Council Support responded to queries from Councillor M Pope regarding Charringtons House, agency costs in Planning and Building Control and the price reduction for recycling and the cost that was passed on to East Herts Council.

The Head of Strategic Finance and Property responded to a query from Councillor M Casey regarding the annual pension fund deficit payment and the limited influence had by the Authority over what was part of a County Council Pension Scheme.

Following a comment from Councillor K Crofton, the Head of Strategic Finance and Property confirmed that whilst Heads of Service were responsible for delivering against budgets, there was a culture of honesty with Heads of Services declaring any potential budget deviations. He confirmed that many projects would not have gone ahead without the use of reserves.

Members had a general debate on the merits of increasing or decreasing Council Tax and they also discussed ongoing efficiency savings. Councillor I Devonshire proposed and Councillor J Wyllie seconded, a motion that the Executive be advised that the joint meeting of Scrutiny Committees recommends a 2% increase in Council Tax. After being put to the meeting

and a vote taken, this motion was declared CARRIED.

Members received the report and supported the recommendations now detailed.

RESOLVED – that (A) the report be received; and

(B) the Executive be advised that the joint meeting of Scrutiny Committees recommends a 2% increase in Council Tax.

528 HOUSING COMPANY BUSINESS PLAN

The Head of Housing and Health and the Head of Strategic Finance and Property submitted a joint report that covered the establishment of a housing company, wholly owned by East Herts Council, to provide revenue income to offset diminishing government support and grants and meet the Council's objectives in terms of providing quality housing opportunities.

Councillor T Jackson made a number of contextual comments by way of an introduction to the report. He explained that a number of Councils had set up a housing company as a vehicle for generating income. The Head of Housing and Health confirmed that the housing company would act as an investment vehicle and he provided a detailed explanation of the cost modelling and cost estimates that had been carried out since Corporate Business Scrutiny Committee had met in November 2016.

Members were advised that the report included a 30 year business plan for this first stage of the proposed company's operation drawing on advice provided by Trowers and Hamlins and PricewaterhouseCoopers (PwC). The proposal did not cover housing development. The Head of Housing and Health stressed that the principal aim was to generate an additional income stream for the Authority.

The Head of Housing and Health emphasised that it

would be for Members to direct the use of the income stream. Members were advised that the modelling had been stress tested and was sufficiently flexible to deliver income in a flexible housing market. Members were invited to scrutinise the business case.

At this point, the joint meeting resolved to exclude the Press and Public on the grounds that open discussion of Essential Reference Paper 'B' would result in the disclosure of exempt Information as defined by paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

The Head of Housing and Health answered a number of queries regarding the exempt Essential Reference Paper 'B'. He made some explanatory points.

Officers responded to a number of other detailed questions and concerns from Members on a wide range of topics. Members questioned whether Officers had access to the necessary skills set for the management of a housing company. Councillor K Crofton expressed his disappointment that this was the only commercial option for Members to consider. He felt that there might be better returns from entering the commercial property market.

Councillor G Cutting referred to the different start up position of South Cambs in that he believed there was an existing portfolio of 200 properties. Councillor M Casey stated that he would like to see more information regarding the financial return on the Council's equity that was proposed to be deployed to the company.

The Director confirmed that the performance of the housing company would be reviewed yearly to ensure it delivered what was expected by Members and Officers.

Councillor G Cutting proposed and Councillor K Crofton seconded, a motion that the Executive be requested to give more consideration to the setting up of a housing

company and alternatives to the proposed business plan be explored.

After being put to the meeting and a vote taken, this motion was declared CARRIED. The joint meeting supported the recommendations now detailed.

RESOLVED – that (A) the report be received;

(B) the Executive be requested to give more consideration to the setting up of a housing company; and

(C) alternatives to the proposed business plan be explored.

529 TREASURY MANAGEMENT STRATEGY STATEMENT
2017/18

The Executive Member for Finance and Support Services submitted a report on the Treasury Management Strategy and Annual Investment Strategy for 2017-18 including the 2017-18 Prudential Indicators.

The Head of Strategic Finance and Property responded in detail to a number questions submitted in advance by Members as well as a number of other minor queries raised by the joint meeting. Councillor M Casey was assured that Audit and Governance Committee received regular training items although there was a limit to how much training could be provided to Members.

Members received the report and supported the recommendations now detailed.

RESOLVED – that (A) the report be received;

(B) the Treasury Management Strategy and Annual Investment Strategy detailed in paragraphs 2.1 – 2.2 be recommended to the Audit and Governance Committee, Executive and Council;

(C) the prudential indicators detailed in paragraph 2.3 be agreed for submission to elected Members for approval by Council; and

(D) the counter party listings detailed in paragraph 2.4 be agreed for submission to elected Members for approval by Council.

The meeting closed at 9.32 pm

Chairman
Date