

**SCRUTINY COMMITTEE held at COMMITTEE ROOM - COUNCIL OFFICES,  
LONDON ROAD, SAFFRON WALDEN, ESSEX CB11 4ER, on THURSDAY,  
31 JANUARY 2019 at 7.30 pm**

Present: Councillor A Dean (Chairman)  
Councillors H Asker, G Barker, R Chambers, J Davey, P Davies,  
G LeCount, B Light and E Oliver

Officers in  
attendance: R Auty (Assistant Director – Corporate Services), B Ferguson  
(Democratic Services Officer), A Knight (Assistant Director –  
Resources) and A Webb (Director - Finance and Corporate  
Services).

Also present: Councillors S Barker (Portfolio Holder Environmental Services), S  
Howell (Portfolio Holder for Finance and Administration) and H  
Rolfe (Leader of the Council); and R Pavitt.

**SC23 PUBLIC SPEAKING**

Mr Pavitt asked a number of questions relating to the Council's Investment Strategy, with particular regard paid to the 50% purchase of Chesterford Research Park (CRP). Questions involved the subject of risk and whether the Council had contravened government regulations by undertaking borrowing to fund the investment.

Mr Pavitt's statement and questions in full have been appended to these minutes.

The Chairman said the Council did have an Investment Strategy in place for the 2018-19 financial year, which had been considered by the Committee in September 2017, although there was still a need to address the wider issue of governance surrounding Council investments. He thanked Mr Pavitt and said he would receive a formal response to his questions in the near future.

**SC24 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillors Harris and Lemon.

**SC25 MINUTES OF THE PREVIOUS MEETING(S)**

The minutes of the meeting held on 20 November 2018 were approved as a correct record.

The minutes of the meeting held on 15 January 2019 were approved as a correct record subject to appending the written public statements submitted at the meeting.

With regards to the status report, the Chairman said reports relating to affordable housing and the review into the Council's handling of major planning applications would be brought to the next meeting.

## SC26 **CABINET FORWARD PLAN**

In response to a Member question relating to the Council's Health and Wellbeing Strategy, Councillor Rolfe said the strategy originated with Uttlesford's Local Strategic Partnership (LSP), a collaboration of organisations aiming to facilitate 'living well' lifestyles across the district through a matrix of activity. Partners, such as the health sector, as well as UDC, contributed to the budget of this strategy.

## SC27 **SCRUTINY WORK PROGRAMME**

The Chairman said a report on affordable housing would be added to the agenda for the meeting on 21 March.

The Director – Finance and Corporate Services said there would be an increase in the number of Scrutiny meetings in the new municipal year, to allow for better pre-scrutiny of cabinet items.

## SC28 **BUDGET REPORT 2019/20**

Councillor Howell, as Portfolio Holder for Finance and Administration, presented the budget reports for 2019-20. He said the format was different from previous years, with each budgetary scheme being applied as an appendix to the overall covering report, as each report could not be seen in isolation, but rather as part of a longer term narrative. He said he would highlight areas of the budget which he believed were of importance to the Committee.

### Treasury Management Strategy

Councillor Howell highlighted the balance sheet summary and five year forecast, which showed the Council's actual borrowings as of November 2018 as well as likely borrowings in the next five years. He said there was a change to the lending limit to local authorities, from £6 million to £3 million.

### Capital Strategy

Capital expenditure for 2019/20 was estimated to be £17 million. This was due to the renewal of the street services fleet, ICT development projects and the asset maintenance programme.

Councillor Howell drew the Committee's attention to the Minimum Revenue Provision Statement 2019/20 which stipulated that where the council finances capital expenditure by debt, it must put aside resources to repay that debt in later years.

### Capital Programme

Nearly £35 million had been allocated to the Housing Revenue Account (HRA) for the next five years (2018/19 to 2023/24). This was to fund the developments at Reynolds Court, Walden Place and Hatherley Court. These projects had received the approval of the Housing Board.

### Housing Revenue Account

The Council was still committed to investing in housing stock, particularly sheltered housing schemes, and since the introduction of self-financing had built over 100 homes. As government policy regarding borrowing caps had recently changed, officers were looking into the new financing rules to ascertain whether there would be an opportunity to do more.

### General Fund and Council Tax 2019/20

Members were informed of the proposal to increase council tax by 2.99% which would mean a Band D household would pay £151.61 for 2019/20, compared to £147.21 in 2018/19.

A surplus of £2.2 million had been identified for 2019/20.

Councillor Howell said the Council had worked hard to protect the budget and most departmental budgets remained unchanged.

In terms of the General Funds Reserve, significant sums had been ring fenced for the Waste Depot relocation project and for strategic initiatives.

### Section 25 report – Robustness of Estimates and Adequacy of Reserves

Councillor Howell highlighted the Medium Term Financial Strategy (MTFS) which showed an accumulative deficit over the next five years. To address this deficit, the Investment Strategy recommended the approval of £100 million of borrowing for investment to generate additional income. He said any use of this borrowing would be brought to Full Council for members' consideration although now would be the time to ensure the Council had the necessary income to maintain the level of services it provided. Due to the substantial changes to government funding of local authorities, the Council was facing a deterioration in finances over the next five years, which, in part would be mitigated by the investment in CRP. He said this was a binary choice; either the Council cut services or generated additional income through strategic investments.

### Investment Strategy

Councillor Howell said further investments would be required if services were to be maintained at their current level. It was anticipated that the Council would need to borrow £80 million to fund investments, and £20 million for loans to Aspire (CRP) in the next three years. The Council's preferred investment route was to acquire commercial property in the district, however such opportunities were rare and therefore opportunities would be sought in neighbouring counties and UK wide, if necessary. He stressed that whilst there were many opportunities out there, it was critical that the Council only invested in the 'right' project.

In conclusion, Councillor Howell said the Council would have to work hard to manage its finances in the foreseeable future although he believed the current budget provided the tools to navigate the Council through an anticipated difficult five years.

The Chairman thanked Councillor Howell for his presentation and asked members to raise any questions they had regarding the budget.

In response to a Member question, the Assistant Director – Resources said 0% budgeting had been applied to a number of service areas including Customer Services, Performance and Revenues. She said that next year the MTFS would dictate where the Council focused next.

In response to a Member question, the Director – Finance and Corporate Services said the budget had been stress tested and finances could go into the negatives depending on the variable applied.

The Chairman asked why the Council had not taken advantage of the removal of the borrowing cap and invested more in council housing.

Councillor Howell said the Council had demonstrated its ambition in building council houses but much work was still required to ensure any additional borrowing was commercially prudent.

The Chairman suggested that they further explore the role of scrutiny in the governance of council investments.

Councillor Howell said he agreed in principle but this would only work if all councillors were behind the project; if Members were partisan, investments would fail. He said it was damaging to the Council and its partners if Members continued to debate commercial projects in the public domain. A mechanism would need to be established whereby Members could engage in private debate without harming the commercial prospects of an investment.

Councillor Light said she would like to see an independent board of experts established to oversee the Council's investments.

Councillor Howell said he disagreed as he believed responsibility should be shouldered by Members, who were democratically accountable to the electorate.

In response to a request from the Chairman, Councillor Rolfe said the Council was lobbying central government to send the message that there was a limit to the degree of funding cuts that the Council could sustain.

In response to a Member question about the procurement of new refuse vehicles, the Director – Finance and Corporate Services said options were explored at the evaluation stage of the process but 'green' refuse vehicles were not available.

In response to a Member question regarding investment opportunities, Councillor Howell said partnerships with other local authorities would be considered if the right project could be found.

Councillor Oliver said every council in the UK would be looking for similar opportunities to make investments and urged the Council to be cautious if it was to invest in areas other than the immediate locality.

The Director – Finance and Corporate Services said an Investment Action Plan would be brought for the Committee's consideration if the Investment Strategy was approved by Full Council on 21 February 2019.

The meeting ended at 9.00pm.