

EAST DEVON DISTRICT COUNCIL

Minutes of the meeting of Scrutiny Committee held at Council Chamber, Blackdown House, Honiton on 6 February 2020

Attendance list at end of document

The meeting started at 6.00 pm and ended at 8.35 pm

50 Election Of Chairman

RESOLVED that Cllr Maddy Chapman be elected Chairman for the meeting.

51 Appointment of Vice Chairman

RESOLVED that Cllr Bruce De Saram be nominated as Vice Chairman for the meeting.

52 Public Speaking

There were no members of the public who wished to speak.

53 Minutes of the previous meeting

The minutes of the previous meeting held on 21 November 2019 were agreed and signed as a true record.

Cllr Jack Rowland wished to raise the issue of the lack of a progress report at the meeting on the public portal into the Exacom system to permit public access to the data held on the collection and spend of Section 106 and CIL monies. However, it was noted that a report would be made by Ed Freeman, Service Lead – Planning Strategy and Development Management to the next meeting of the Committee on 5 March.

54 Declarations of interest

There were no declarations of interest.

55 Matters of urgency

There were no matters of urgency.

56 Confidential/exempt item(s)

There were no confidential/exempt items.

57 Decisions made by Cabinet called in by Members for scrutiny in accordance with the Overview and Scrutiny Procedure Rules

There were no decisions called in.

58 Process for assessing Commercial Investment opportunities

Consideration was given to the report and presentation of Tim Child, Service Lead – Place, Assets & Commercialisation which advised members of the history, criteria and purpose of the Council's adopted Commercial Investment Framework and informed discussions and recommendations.

Members noted that the Commercial Investment Framework provided the mechanism to help deliver £450,000 net income per annum set out within the Council's Transformation Strategy and on which the Capital Strategy and Treasury Management Strategy have been developed. Being more commercial generally and generating this £450,000 net income per annum is key to the pathway to financial self-sufficiency and to address the Council's budget shortfall along with the benefits of contributing to the wider growth and prosperity and place making aspirations benefitting not only the council but the residents and visitors to East Devon. There was a £20M fund to generate the £450,000 net income required.

At the joint Overview & Scrutiny Committee of 15th January discussions took place around the adopted Commercial Investment Framework. Councillors were interested in the degree of engagement with them in the consideration of individual transactions, the importance of commercial sensitivity and its impact in terms of confidentiality and the ability to share information.

During discussions the following points were noted:

- There was a clear preference expressed to invest within the district.
- It was a cautious and proportionate approach being taken, due to EDDC's financial position being relatively comfortable.
- Applying a clear and costed risk managed and studied programme of investment using rigorous criteria and with appropriate decision making capabilities to respond to market opportunities in an agile but safe manner.
- Need to ensure agility in terms of the allocation of resources but also in decision making to take advantage of commercial opportunities when they arise but doing so in a safe, accountable and democratic way.
- Investment opportunities under £5M are delegated to the Deputy Chief Executive and those over £5M for Cabinet decision. The delegation will escalate to the Chief Executive following the departure of the Deputy chief Executive.
- The greatest challenge had been around availability of a good quality of investments within East Devon. It had been a difficult market in the last 6 months.
- There were a number of opportunities that were being progressed and a number that had been rejected.
- A concern that the requirement to invest in East Devon could drive up the cost of investment opportunities. There was no evidence of this happening and no investment would be pursued unless it stacked up financially.
- In terms of ethical considerations around the investment policy members were interested in how these might be addressed. Officers advised of one recent example with regard to a petrol filling station which was able to be considered in the context both of commercial case and the Council plan and emerging Climate Change concerns. The acquisition was not pursued.
- There had been a recent increase in Public Works Loan Board (PWLB) rate to consider in terms of the viability of investments. The Council would only borrow on a fixed rate so a PWLB rate increase is factored in at the outset and for the duration of the loan periods.
- Concern over a possible crash in the commercial property market and the importance of buying property at the right time.

- Members were reassured of the experience and professional qualifications within the officer team and the council more broadly (eg legal and finance colleagues) as well and the ability and budget to bring in external expertise as required.
- Ward members should have more involvement in the investment decision making process.
- Importance of getting the policy right and generate the £450,000 of additional income that is currently required as part of a balanced budget.
- It was important that the decision to invest should be done ethically and wisely. There needed to be an ethical framework around investment decisions. There was concern that the decision to invest was currently in the hands of too few people.
- The scoring matrix is confidential because otherwise the market would know how potential investments were scored.
- Concern over the length of time the process to find suitable investments for the council was taking.
- The £4M invested in Seaton Jurassic had been funded from a variety of sources. Seaton Jurassic was not a commercial investment and was taken forward as a regeneration project before the council's commercial investment fund was initiated.

RESOLVED 1. that the content of the presentation be noted.

2. that Council be **RECOMMENDED** to consider the following:

- a. that there be further engagement with Councillors through Commercialisation Workshops.
- b. that following the Commercialisation Workshops, an officer report be discussed at Council in April regarding an ethical investment policy.
- c. that the Commercial Investment Flow chart be updated to reflect the changes in SMT structure.
- d. that the Ward Members for the ward in which the investment proposition is located be notified prior to the exchange of contracts and before the press are notified.

59 **Forward Plan**

Noted that the next meeting would include discussion on staffing review, an update on Section 106 and CIL process and the quarterly monitoring report. It was also requested that discussion on Council Housing Policy be added to a future meeting. There were number of items on the Overview Committee Forward Plan that has been suggested could be discussed by scrutiny Committee.

Attendance List **Councillors present:**

T McCollum
V Ranger
J Rowland
E Rylance
J Whibley
M Chapman
B De Saram
P Jarvis
A Colman

Councillors also present (for some or all the meeting)

S Bond
P Faithfull
G Jung
P Millar
A Moulding
T Wright
P Arnott
H Parr
G Pook

Officers in attendance:

Tim Child, Service Lead - Place, Assets & Commercialisation
Christopher Lane, Democratic Services Officer
Anita Williams, Principal Solicitor (and Deputy Monitoring Officer)
Richard Cohen, Deputy Chief Executive

Councillor apologies:

A Dent
K Bloxham
K McLauchlan
C Gardner

Chairman

Date: