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MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Economy and Development Select Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 11th February, 2016 at 2.00 pm

PRESENT: County Councillor S. Jones (Chairman)
County Councillor S. White (Vice Chairman)

County Councillors: D. Dovey, D. Edwards, D. Evans, B. Hayward, J. Prosser and A. Wintle

OFFICERS IN ATTENDANCE:

Hazel Ilett	Scrutiny Manager
Deb Hill-Howells	Head of Community Led Delivery
Richard Jones	Improvement Support Officer
Sarah King	Senior Democratic Services Officer
Ben Winstanley	Estates Manager

1. Apologies for Absence

There were no apologies for absence.

2. Declarations of Interest

There were no declarations of interest.

3. To confirm and sign the minutes of the previous meeting

We confirmed and signed the minutes of the previous meetings:

a) 16th November 2015 (Special)

We confirmed and signed the minutes of the Special Economy and Development Select Committee meeting held on 16th November 2016.

In doing so, a member requested clarification regarding whether strategic sites attracted CIL and S106 funding. Information would be requested from the Head of Planning.

The Chair advised that an item regarding Skutrade would be included on the committee forward work plan.

a) 26th November 2015

We confirmed and signed the minutes of the Economy and Development Select Committee held on 26th November 2015.

b) 16th December 2015 (Joint Special Budget)

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We confirmed and signed the minutes of the Special Budget Joint Select Committee meeting held on 16th December 2015.

c) 3rd January 2016 (Special)

We confirmed and signed the minutes of the Special Economy and Development Select Committee meeting held on 5th January 2016.

4. Events Strategy - To provide a performance update on the Eisteddfod and the Velothon. Future events strategy to return to the Committee.

The committee were advised that the update on Eisteddfod and Velothon had not been available for the meeting and we agreed the item be deferred.

Members expressed disappointment that the information was not available and requested it was presented as soon as possible.

The Head of Community Led Delivery updated members on progress to date and members welcomed the information.

A public meeting would be held on 22nd February 2016 at 6.30pm, regarding the Velothon.

5. Investment Property - To conduct pre-decision scrutiny of the business case for the acquisition of investment properties

Context:

We received the Proposed Property Acquisition Policy, the purpose was for the committee to conduct pre-decision scrutiny of the proposed strategy for the acquisition of investment properties.

Key Issues:

The Council has undertaken a rationalisation programme of its operational assets to reduce holding costs. Given the scale of the budget cuts facing the Council during the MTFP, cutting costs alone will not be sufficient to manage the revenue shortfall.

It is proposed that the Council acquire investment properties that will facilitate a function e.g. economic development and or generate a minimum net income of 0.5% above the prevailing gilt rate to develop an additional revenue income stream as well as an appreciating capital asset.

The acquisition and purchase costs would be funded through the Public Works Loan Board, therefore there would be no impact on the Councils capital programme. Any proposed acquisition would need to meet the minimum eligibility criteria as follows:

- i. The acquisition will result in a net annual return of 0.5% above the prevailing government gilt rate for a 20 year investment.
- ii Debt repayment has to be completed within 20 years.

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iii Acquisitions should normally be pre-let to a tenant with a strong covenant with a minimum of 10 years unexpired on a commercial lease.

Member scrutiny:

- Members requested reassurance as to why this was the best method of investment and advised that it would have been preferred for a comparable paper to be presented. Officers advised that the level of yield compared to capital value and risk had been considered in types of investment available.
- The committee were informed that, if adopted, the asset strategy would be reviewed in accordance and aligned with the Investment Property Strategy. Members were reassured that Whole Place and Town Centre Regeneration were not in conflict.
- Further information was requested regarding how costs had been factored and whether maintenance charges, management costs and risks were being neglected. Officers clarified that, an initial screen would be undertaken and 4.5% net initial yield. Due diligence would then follow where Maintenance costs, loan repayments and marketplace comparisons would be taken into account. The intention is that the acquisitions would be cost neutral and managed within existing team capacity, however workloads and time would need to be prioritised.
- Officers highlighted that this would be the right way to generate income for front line delivery and each business case would be considered individually.
- A member questioned whether best practice or similar schemes had been operated in other authorities and were advised that practice had been exercised in English authorities and it was utilised to achieve budget.
- Staff within the department would use appropriate skills and knowledge required to acquire relevant properties.
- A member highlighted that the discussion through select committee had enabled members with a fuller understanding of the purpose of the report and was confident in the abilities of the team.
- A member expressed concern regarding the perceived use of public money. We were reassured that appropriate policies, legislation and code of ethics would be adhered to.
- Members expressed some concerns regarding the capacity to fulfil expectations identified within the report. The committee were reassured that initial work would be undertaken to fill voids and would be focused on all business sectors.
- The committee discussed whether it would be more appropriate to look at buildings within or outside Monmouthshire. Positive (e.g. benefits to County, alignment with corporate strategy, Whole Place) and negative (e.g. limited property availability) aspects were considered and we agreed that initially the strategy should be applicable to properties within Monmouthshire, however, this should not restrict other areas in future.

Recommendation:

We resolved to agree recommendations within the report:

That Scrutiny review the proposed acquisition policy for investment properties prior to consideration by Cabinet.

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Committee's Conclusion:

Chair's Summary:

The committee highlighted key information, as follows:

- Recommendations should include that focus should be maintained within Monmouthshire for investment, however, would not close to other areas.
- Scrutiny of business cases was recognised as an important function and should take place
- Valuable contribution through discussion was noted
- Agreed that Members would receive the paper for information, prior to it being presented to Cabinet

We thanked officers for information presented.

6. Quarter 2 Performance Report: Improvement Objectives and Outcome Agreement

Context:

We were presented with the Quarter 2 Performance Report: Improvement Objectives and Outcome Agreement. The purpose was:

1. to present quarter 2 performance data for the Improvement Objectives and Outcome Agreement objectives which are under the remit of Economy and Development Select Committee:
 - **Improvement Objective 3:** We want to enable our county to thrive.
 - **Improvement Objective 4:** Maintaining locally accessible services
 - **Outcome agreement Theme 3:** Poverty and material deprivation
2. To present the latest performance against wider key national performance indicators that are under the committee's remit

Key Issues:

The Outcome Agreement and the Improvement Objectives have a different focus:

Improvement Objectives

- Improvement Objectives are set annually by the Council to deliver on priorities. Despite objectives being focused on the long term the specific activities that support them are particularly focussed for the year ahead.
- Activity that contributes to the delivery of some objectives cross cuts Select Committee remits and these have also been reported to the other relevant committee(s). Therefore it is suggested members particularly focus their scrutiny on the activity relevant to the committee with consideration of its contribution to the objective as a whole.
- This Improvement Objectives will be evaluated at the end of the year (2015/16) based on the council's self-evaluation framework, as set in the Improvement Plan 2015-17. Performance against them will be reported to Select Committee and in the Stage 2 Improvement Plan published in October each year.

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Outcome Agreement

- The Outcome Agreement is an agreement with the Welsh Government for a three year period, where the council needs to deliver on performance activity and associated targets that contribute to the Programme for Government. The current agreement covers the period from 2013 to 2016. The council has previously been awarded full payment each year.
- In the summer of 2015 the Welsh Government announced the final year of funding for performance in 2015-16 would no longer be attached to performance in the Outcome Agreement and would be rolled directly into the Revenue Support Grant for 2016-17. This means that payment for performance against the targets in the agreement for 2015-16, being discussed by members today, is assured. However given the importance placed on the agreement as part of the council's performance framework to contribute to delivering the outcomes set it is important to continue to monitor performance against the agreement for its final year.

Member scrutiny:

- The committee expressed concern that Chief Officers were not in attendance and the Chair highlighted the importance of senior officers being present, this would be raised with Senior Leadership Team.
- Members requested reassurance from Chief Officers regarding underperformance of leisure centres and whether this was expected to improve.
- We recognised the need for an update on business support strategy.
- Members questioned the targets associated with the 'supper connected voucher scheme'. Members noted that this would be considered within the ICounty strategy and broadband update at the next meeting.

Committee's Conclusion:

Chair's Summary:

The Chair reiterated the importance of Senior Officer attendance at scrutiny, in order to address queries relating to performance of service areas.

We thanked officers for information presented.

Recommendations:

We resolved to agree recommendations within the report:

1. That members scrutinise the performance achieved and impact made, particularly in areas that fall under the committee's remit, to assess progress and performance against the objectives.
2. That members identify and explore any areas of underperformance or concerns, and to seek assurance from those responsible for future activity where they conclude that performance needs to improve.

7. Strategic Risk Assessment 2015

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Context:

We were presented with the Strategic Risk Assessment 2015, which provided members with an overview of the current strategic risks facing the authority.

Key Issues:

1. The risk assessment ensures that:
 - Strategic risks are identified and monitored by the authority.
 - Risk controls are appropriate and proportionate
 - Senior managers and elected members systematically review the strategic risks facing the authority.
2. The existing risks on the Strategic Risk Assessment have been updated based on evidence available in 2015. Changes to the council's risk management policy were approved by Cabinet in March 2015. These are:
 - including pre-mitigation and post-mitigation risk scores, this was also a key recommendation from scrutiny of the 2014 risk assessment
 - ensuring greater clarity to the phrasing of risk so that each statement includes an event, cause and effect.
3. The risk assessment only covers high and medium level risks. Lower level operational risks are not registered unless they are projected to escalate within the three years covered. These need to be managed and monitored through teams' service plans. The pre and post mitigation risk levels are presented separately. In most cases mitigating actions result in a change to the likelihood of the risk rather than the consequences as our actions are generally aimed at reducing the chance of a negative event occurring rather than lessening it's impact. Clearly there will be exceptions.
4. Following presentation to select committees, the risk assessment will be presented to Cabinet for sign off.
5. The risk log is a living document and will evolve over the course of the year as new information comes to light. The risk assessment appended was scrutinised by the other three Council Select Committees in December 2015, since then some risks have been revised as new evidence has become available, while other risks will now need further development in light of new evidence. An up-to-date risk log is available to members on the Council's intranet - The Hub. This will ensure, as well as the ongoing specific scrutiny of the risk assessment annually, that select committees are able to re-visit the information at any point in the year to re-prioritise their work plan as appropriate.

Member scrutiny:

- The Chair highlighted the need for risks to be considered and for members to identify whether these were appropriate, whether any should be added or whether further information was required from the Executive member.
- Reassurance was requested regarding contingencies in place for highway issues, due to recent bad weather. The improvement officer advised that these would be managed through service plans and arrangements would be in place with emergency planning.
- Members highlighted that due consideration was required for future risk assessments.
- We noted that if members requested specific information then the Emergency Planning team could be invited to attend. The purpose of the report presented was an opportunity to look at whether appropriate risks were include.

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Committee's Conclusion:

Chair's Summary:

The Chair acknowledged concerns expressed regarding ICT issues and that this would be included within a future agenda.

We thanked officers for information presented.

Recommendations:

We resolved to agree recommendations within the report:

1. That members consider the strategic risks presented for the next three years, in particular those of relevance to the committee and scrutinise the extent to which:
 - all relevant risks facing the authority are appropriately captured,
 - the level of risk applied is appropriate based on the matrix in the council's risk management policy and guidance and
 - mitigating actions are proportionate and appropriate
2. That members use the risk assessment on an on-going basis to hold the responsibility holders to account to ensure that risk is being appropriately managed.
3. Use the risk assessment to inform the future work programme of the committee.

8. Work Programming

We received the Economy and Development Select Committee work programme and updated the following:

- Events paper to be presented at next ordinary meeting
- Meeting 3rd March
 - Skutrade report
 - Contaminated land inspection
 - Monmouthshire Business Enterprise
- Meeting 14th April
 - ICounty
 - Broadband

We discussed that a special meeting was required to discuss Circuit of Wales. Timescales were very limited and needed to be aligned with Blanenau Gwent.

9. To confirm the date and time of the next meeting

We agreed that a Special Economy and Development Select Committee would be held on 25th February 2016, in order for Circuit of Wales to be considered.

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The meeting ended at 4.10 pm