

**MINUTES OF A MEETING OF THE SCRUTINY COMMITTEE HELD ON
MONDAY 10 NOVEMBER 2008 AT THE BOURGES/VIERSEN ROOM - TOWN HALL**

Present: Councillors J Holdich (Chairman), J Goodwin (Vice-Chairman), M Fazal, S Lane, Y Lowndes, N North, N Sandford, D Seaton, M Todd and I Walsh

Also Present: Councillor David Over

Officers Present: Israr Ahmed, Contracts Legal Executive
John Blair, Head of Strategic Finance and Performance Improvement
Mandy Bretherton, Corporate Accounting Manager
Andrew Edwards, Head of Strategic Property
Barry Fagg, Interim Head of Planning Services
Shahin Ismail, Head of Legal Services
Graeme Law, Strategic Planning Executive
Jo Proud, Strategic Improvement Manager
Louise Tyers, Performance Scrutiny Manager
Alex Daynes, Cabinet Officer

1. Apologies for Absence

Apologies were received from Maggie Kirkbride.

2. Declarations of Interest and Whipping Declarations

Councillors Lane, Todd and Walsh declared a prejudicial interest in Item 6 on the Agenda as they were on the planning committee that made the decision on the Corn Exchange building. The Head of Legal Services confirmed that the Councillors involved in the planning decision must leave the room when the item was discussed in this committee.

3. Minutes of the Meeting held 29 September 2008

The minutes of the meetings held on 15 October 2008 and 29 September 2008 were approved as correct records.

The Head of Legal Services provided a response to Councillor Sandford concerning the time taken to produce a decision notice to address the issue of appointments to the GPP Boards. Councillor Sandford accepted the explanation.

Members were informed that an amended version of the CRB report from 29 September 2008 had been presented to another committee. Members agreed that any alteration to the report that had been presented to this committee previously should be brought back before being adopted through Council. The Performance Scrutiny Manager to report back to the committee following discussion with the lead officers for the report.

4. Call In of any Cabinet, Cabinet Member or Key Officer Decisions

There were no call-in requests.

5. S106 Planning Obligations Implementation Scheme

The committee received a report and a draft Section 106 (S106) document from the Interim Head of Planning Services to provide an update on the progress of the S106 Obligations Implementation Scheme in light of the withdrawal of the report that was submitted to the Joint Scrutiny Committee meeting on 28 July 2008. The committee was asked to provide comments on the draft document for planning officers to consider before its final submission to full council for implementation in early 2009.

The committee was advised of some key changes in the document in light of the recent economic difficulties in the housing and financial markets. These included a temporary reduction in affordable housing builds from 35% to 25% and a short term 30% discount in S106 funding obligations for developers.

Observations and questions were raised and responses given including:

- The rented element of affordable housing is a cost to developers and therefore could be reduced to save costs to make the scheme more viable with reduced land values but this will lead to reduced housing for this sector of the market.
- In Peterborough's villages, smaller, individual developments should be developed from within a Capital Programme and through this the S106 monies could then contribute more effectively to the village's needs.
- There is currently no mechanism open to Members to agree on the Capital Programme's contents at a local level.
- The Head of Neighbourhood Services is committed to ensuring Members are involved in determining the infrastructure needs of their Wards. The S106 agreement is designed to be able to provide facilities to mitigate the impact of development.
- The reduction of the affordable housing allocation would be from February 2009 to February 2011. However, this could be ended earlier depending on the success of new developments and general economic conditions.
- The percentage of affordable housing can be spread over several development sites as there is not necessarily a need in each development. Therefore, some sites might have more than 35% affordable housing, some less. The reduction should lead to more flexibility for developers. It was better to have a lower proportion of some development than none at all.
- Affordable housing schemes will not be discouraged and therefore any government funding available for such schemes should still be taken up by developers choosing to build.
- Developments that included environmental measures would increase overall house prices and therefore the ability to encourage developers and buyers to the schemes would be affected unless this cost was offset with reduced S106 elsewhere.
- The S106 contribution is not the only infrastructure funding that is received. Planning Officers must produce improved bids for works to ensure maximum return for money.

The Performance Scrutiny Manager advised the committee that the report format had changed and that Councillors were requested to advise a way forward for the Document. Councillors Holdich and Sandford recommended that the document went to full Council to receive approval. Councillor Holdich further requested that if the Affordable Housing percentage was reduced, the rented affordable allocation within developments should be maintained.

ACTION AGREED:

- 1) to recommend that the draft document goes to Full Council before adoption.
- 2) to recommend that rented affordable housing developments are not overlooked in favour of market housing following the cut to the affordable housing percentage.

6. Corn Exchange

Councillors Todd, Walsh and Lane left the room.

The Head of Strategic Property introduced the report, requested by the Chairman of the committee, setting out the timeline to the planning committee on 21 October 2008 where the planning application for the demolition of the Corn Exchange and the provision of public realm was determined. The Chairman of the committee advised Members that he had requested the report so that the committee could receive information from Officers on the contact that the Council had had with tenants.

The Head of Strategic Property outlined the consultation that had taken place between tenants in the Corn Exchange building and the Council. Members were advised that terms were still to be agreed with two tenants. Council as the others had accepted the terms that the Council had offered. The Head of Strategic Property read from a letter that had been sent to tenants in November 2007 advising of the intention and need to obtain vacant possession of the building. The committee was advised that everything had been done to make tenants aware of the Council's intentions.

Members discussed the issue of the Post Office remaining in the city centre and the efforts to ensure this. Committee members expressed their support for the continuation of a Post Office in the city centre. The Head of Strategic Property assured members that sites had been offered for an alternative venue within the city centre but it was for the Post Office to deem these sites suitable or not.

ACTION AGREED:

To note the report and the actions taken to communicate with tenants of the Corn Exchange building.

7. Council Investments

Councillors Todd, Walsh and Lane returned to the room.

The Head of Strategic Finance and Performance Improvement introduced the report, requested by members of the Scrutiny Committee, following the failure of Icelandic Banks, Landsbanki and Kaupthing and their UK subsidiaries, in which the City Council had deposited £3m.

Members were advised that Council policy had changed concerning banking and investment practises including not trading in shares and only investing in fixed rate, high return accounts. A further report on the effects on other similar authorities to be sent to members.

Observations and questions were raised and responses given including:

- Investments will only be placed with UK owned banks. Abbey is part of the Santander group which is Spanish owned.
- Norwich & Peterborough is one of the investment choices that has been used and many factors contribute to the decision to invest in particular banks/building societies.
- The future of the £3m in the Icelandic bank is still uncertain. It is unknown when the availability of the money would be clarified. Until more advice is received, a decision cannot be made on whether the £3m would have to be taken from the Capital fund or General fund.
- Banks that were invested in had good ratings up to 30 September 2008 when the ratings changed. No monies had been invested in these banks since April 2007.

- Some money does remain in Irish owned banks which do guarantee corporate investments. Further foreign investment, regardless of national guarantees for that country, is not planned until the futures of investing is better known; preferring a safer, UK option.
- The ratings for banks is constantly monitored and the change of ratings for banks had not been experienced before on such a scale. Sometimes a single bank would change very quickly but not as many as did this year.

Councillors supported the prudence shown by Officers in investments following the economic downturn.

ACTION AGREED:

To note the report.

8. Impact of the Credit Crunch on the Council

The Head of Strategic Finance and Performance Improvement introduced a report to provide the Scrutiny Committee with an update of what impact the credit crunch has had on the Council's finances during the current financial year. The report focused on the direct impact on the Council rather than the wider impact on the community. The impacts assessed were Revenue Income, Capital Income and Tax Base.

Members were advised that some areas of income had received up to £800k less this financial year and rising fuel costs were also affecting outgoing costs. Members were advised that officers were being asked to submit financial reports earlier to manage any shortfalls earlier.

Observations and questions were raised and responses given including:

- Some larger projects in the Capital Programme could be delayed
- Loans could be sought but these would have to be repaid at a later date
- The Medium Term Financial Strategy would address longer term issues
- The VAT shelter (paragraph 4.1.2 in the report) is a benefit from working with Cross Keys Homes and was higher than expected.

ACTION AGREED:

To note the report.

9. Establishment Of A Task And Finish Group - Local Development Framework Development Plan Documents

The Performance Scrutiny Manager introduced the terms of reference to establish a task and finish group to scrutinise the development of the Local Development Framework Development Plan Documents. The group secretaries would be asked for nominations for Councillors from the Scrutiny Committee, Environment Scrutiny Panel and Community Development Scrutiny Panel to form the group.

Councillors discussed the terms of reference and gave the following comments:

- The group secretaries should be able to nominate any members, not just those from within the scrutiny committees mentioned above.
- Meetings should be limited to no more than 2 hours.

The Head of Legal Services advised that Members sitting on the Planning & Environmental Protection Committee could also be members of the group. The Performance Scrutiny Manager advised that the group would not be subject to political proportionality and the dates of the meetings would depend on the availability of the Councillors appointed to it.

ACTION AGREED

To accept the terms of reference subject to the membership condition being amended so that Group Secretaries are free to nominate any Councillor with an interest.

10. Feedback and Update Report

The Committee received a report from the Performance Scrutiny Manager to provide feedback on items considered or questions asked at previous meetings of Scrutiny Committee. The report also provided an update on matters which were of interest to the Committee or where the Committee had asked to be kept informed of progress.

ACTION AGREED

To note the report.

11. Forward Plan of Key Decisions

The latest version of the Forward Plan, showing details of the key decisions that the Leader of the Council believed the Cabinet or individual Cabinet Members would be making over the next four months, was received.

Members were advised that the Regional Spatial Strategy would be dealt with through the task and finish group as noted earlier in the agenda.

ACTION AGREED

To note the report.

12. Agenda Plan 2008-09

The Committee noted the current work programme.

13. Date of Next Meeting

The date of the next meeting to be Monday 15 December 2008, 7pm.

The meeting began at 7.00 pm and ended at 8.50 pm

CHAIRMAN