WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Corporate Policy and Resources Committee held in the Council Chamber - The Guildhall, Marshall's Yard, Gainsborough, DN21 2NA on 9 February 2017 commencing at 6.30 pm.

Present:

Councillor Jeff Summers (Chairman)
Councillor Mrs Anne Welburn (Vice-Chairman)

Councillor Owen Bierley
Councillor David Cotton
Councillor Michael Devine
Councillor Adam Duguid
Councillor Steve England
Councillor Ian Fleetwood
Councillor John McNeill
Councillor Tom Regis
Councillor Reg Shore

In Attendance:

Ian Knowles	Director of Resources and S151 Officer
Eve Fawcett-Moralee	Director Economic & Commercial Growth
Tracey Bircumshaw	Financial Services Manager
Steve Anderson	Information Governance Officer
Mark Sturgess	Chief Operating Officer
Dinah Lilley	Governance and Civic Officer

Apologies: Councillor Matthew Boles

Membership: No substitutes were appointed

94 PUBLIC PARTICIPATION PERIOD

There was no public participation.

95 MINUTES OF PREVIOUS MEETING/S

a) **RESOLVED:** That the minutes of the Corporate Policy and Resources Committee meeting of 12 January 2017 be approved as a correct record.

b) **RESOLVED:** That the minutes of the Joint Staff Consultative Committee meeting of 24 November 2016 be noted.

96 DECLARATIONS OF INTEREST

There were no declarations of interest at this point of the meeting

97 MATTERS ARISING SCHEDULE

The Governance and Civic Officer updated the Committee on the Matters Arising in terms of Councillor Shore's previous question on Flexible Working. In the three previous years there had been 13, two and seven requests respectively, all of which had been granted, bar one. As far as the implications and impact on the authority were concerned, each case was assessed on an individual basis, according to particular circumstances and the effects were difficult to quantify.

It was noted that this was almost 100%. The Chairman questioned the effects of remote working and its impact. The Chairman of the Joint Staff Consultative Committee stated that there was a legal requirement that if a request was made for remote working then there had to be valid, justifiable reasons to deny that request. Concerns were expressed that few staff would be available in the office, however even when working remotely staff should still be contactable, subject to connectivity.

98 REVIEW OF INFORMATION POLICIES

The Information Governance Officer presented the report stating that there was a requirement to review and maintain policies on a regular basis to comply with legislation. The report presented the first five of a range of policies to be reviewed, these being:-

- **Data Protection Policy**
- **Information Management and Protection Policy**
- **Data Quality Policy**
- **Remote Working Policy**
- **IT Access Policy**

The changes made to each policy were set out at the end of the report and the policies themselves at appendices a)-e).

The reviewed policies had been considered by the Council's Management Team and the Joint Staff Consultative Committee and recommended to the Corporate Policy and Resources Committee for approval.

RESOLVED that:

a) the attached information policies for implementation to all staff, elected members, and partners where appropriate, be approved; and
b) delegated authority be granted to the Director of Resources to make minor housekeeping amendments to the policies in future, in consultation with the chairmen of the Corporate Policy and Resources Committee and Joint Staff Consultative Committee.

99 PROGRESS & DELIVERY Q3

The Chief Operating Officer introduced the Progress and Delivery report for the third quarter, which highlighted the authority's Services.

The summary was structured to highlight those areas that were performing above expectations, those areas where there was a risk to either performance or delivery and those areas where further work was required for next year's report.

Areas described as performing well included: Building Control; Development Management; Projects and Growth; and the Trinity Arts Centre.

Those areas described as risks included: Local Land Charges; Enforcement; Markets; and Home Choices.

Further information was given on each of the above. Data relating to Complaints, Comments and Compliments were being reconsidered to present a more sophisticated way of monitoring. A measure around section 106s and CIL was also to be introduced to give members greater visibility. A further report specific to Markets was to be submitted to the Prosperous Communities Committee in due course.

One Member noted that a pattern had emerged over the years and that things such as sickness absences and markets were continually risk issues and did not appear to ever be resolved. Although it was good that the Trinity Arts Centre was now showing good progress, but was it actually making a profit?

The Chief Operating Officer responded to the points raised and stated that sickness absence rates were due primarily to a particular work area due to the nature of the work and the age profile of the staff, the figures were expected to fall. Regarding Trinity Arts, it was noted that, as a Grade II listed building, there would be a cost to close the establishment and that it did cover its running costs, and was a social asset to local residents. It was suggested that care was needed not to subsidise a Gainsborough asset at the expense of other areas in the district, however there was no subsidy involved.

The Chairman of the Joint Staff Consultative Committee responded to the comments on sickness absences and noted that West Lindsey was one of the best performing authorities compared with its benchmarked neighbours, and was a caring authority which would be sympathetic to an individual with a long term or serious illness.

Issues around recycling rates were then discussed, whilst the data was awaited it was felt important to know the contamination rates as this had implications for the new Technically, Environmentally and Economically Practicable (TEEP) legislation, as if contamination was high then recycling was not working. The Chief Operating Officer agreed that this was a good point and he would look into gaining statistics and work with the Operations Team Manager. It was agreed that there was room for promotion and education in the matter.

Note was made of the Leisure provision at De Aston and Caistor to be addressed within the new contract, and the Caistor Heritage Initiative, and the Ward Member for Caistor extended an invitation to Members to see the achievements made in the area.

The publication of the Housing White Paper was welcomed and addressed some outstanding issues, and it was hoped that West Lindsey would take part in the consultation through the Prosperous Communities Committee. The final section of the White Paper included reference to the Community Infrastructure Levy (CIL) of which it was important for Members to be aware. The Chief Operating Officer noted the next sessions of Planning Training for Members could include a session on CIL and dates for the next year would be issued shortly.

The Economic and Commercial Growth Director informed Members that the authority was writing its own Housing Strategy and the Improvement Plan would be submitted for Committee consideration and could perhaps be utilised as the authority's response to the White Paper.

The Chairman requested that the Chief Operating Officer undertake discussions with himself regarding the development of leisure facilities at Caistor Top, and also provide Schedule of BC Inspections and the process taken.

> **RESOLVED** that having reviewed the performance information contained in the Progress and Delivery Report, the report be accepted.

100 CORPORATE PLAN

The Director of Resources introduced the Corporate Plan report, reminding Members that the Plan had been signed off last year and it had been agreed to produce an Action Plan to set out delivery intentions. Appendix 1 showed the key strategic actions which matched the Corporate Plan themes and were colour coded accordingly. A summary leaflet was to be produced for publication and wider circulation. Appendix 2 of the report showed the actions undertaken and the progress made.

The report was moved and seconded for approval and on being voted upon it was

RESOLVED that:

a) the key activity detailed within the report which will facilitate the delivery of the objectives of the Corporate Plan be supported;

b) the activity set out be used as the basis for an external publication be agreed; and

c) the report be approved for submission to Council on 6 March 2017.

101 BUDGET AND TREASURY MANAGEMENT Q3

The Financial Services Manager informed Members of the Committee that the Council was currently forecasting a £560k surplus (after taking into account carry forwards of £238k, the significant element of which related to projects which were being funded from earmarked reserves and which would continue into the new financial year). There was a reduction of £15k since the Quarter 3 forecast. The major variances being contained within the report.

With regard to capital out turn forecasts this was expected to be £9.4m, a request for approval by this Committee of carry forwards totalling £1.9m where schemes and potential acquisitions were now likely to continue into the new year. The details of which could be found at Page 15 of the report.

Items of note were the use of Earmarked Reserves at paragraph 2 and successful grant bids at paragraph 3.

With regard to Treasury Management investment rates were at an all time low with overnight money at 0.26%. However the Council continued to exceed its benchmark and had achieved a rate of 1.17% compared to 0.23%.

There had been no breaches of prudential indicators and no actual borrowing undertaken.

The previous Committee Chairman welcomed the fact that interest rates had improved over time, and the Members commended the report without further discussion.

RESOLVED

a) the forecast out-turn position as at 31 December 2016 be accepted;

b) the use of Earmarked Reserves approved by the Director of Resources using Delegated powers be accepted;

c) the amendments to the Capital and Revenue budget, including creating budgets for projects funded by grants and not included in the original Capital Programme be approved;

d) the Capital budget carry forwards of £1,879k and Revised Capital Budget of £9,707k be approved; and

e) the Treasury Management Report and Treasury position to 31 December 2016 be accepted.

102 REVENUE BASE BUDGETS 2017-18

The Financial Services Manager presented the Committee's base budget for 2017/18 as well as those recommended by Prosperous Communities Committee, and noted that a high audit assurance had been received.

The base budget showed a £1m reduction against the 2016/17 base budget.
The significant variances were contained within the report, the capital investment of £13m in commercial property was expected to achieve a net additional income of £270k, with £625k being reflected in the Committee's services base budget.
The withdrawal of the LCTS grant to Parish Councils previously approved by this Committee contributed a further £169k towards this saving.

One other outstanding consideration for this Committee in relation to the proposed increase in burial charges and members were referred to paragraph 1.5 within the report. The overall budgetary impact of a stepped change over two years would result in additional income in year 2 of £381. There was no budgetary impact from the removal of charges for exclusive rights of burials for children under 12. The Committee were now requested consider their recommendation to Council.

Note Councillor David Cotton declared a personal interest on this item as in his ministerial capacity he conducted burials.

Discussion ensued on the burial costs with it being questioned that in the second year of increase, a further 65% would equate to greater than 130% in total. Clarification was sought on the actual figures rather than percentages, these were read out by the Financial Services Manager. The Director of Resources stated that the second year increase could be at the percentage necessary to equal 130% in total, if Members preferred.

It was affirmed that only two burial grounds were affected and that these had had six burials in the last year. The authority was below the benchmark figure and the service was below cost recovery. Charges were not increased for customers when from out of the area as was the case with some cemeteries and crematoria. This could be borne in mind for future cost assessments.

With the amendment as agreed the Committee Members moved, seconded and voted upon the recommendations.

RESOLVED that:

a) having given consideration to the Fees and Charges, in relation to burials, it to be recommended to Council, that the increase be 65% for the first year, and increasing further to a total of 130% for the two year period;

b) the Corporate Policy and Resources Committee Budget 2017/18 be approved and recommended to Council for inclusion in the Medium Term Financial Plan 20171/8 – 2021/22; and

c) the Prosperous Communities Committee Budget be accepted and recommended to Council for inclusion in the Medium Term Financial Plan 20171/8 – 2021/22.

103 FINANCIAL STRATEGY AND MEDIUM TERM FINANCIAL PLAN 2017/18 TO 2021/22

The Director of Resources introduced the report which set out the financial context both local and national within which the budget and council tax for 2017/18 had to be agreed.

The paper was based on the provisional settlement announced on 15 December 2016, (the final settlement was expected in the next week or so) and would need to reflect any changes in the final paper for full Council. The final position on NNDR was also awaited due to late changes required by Government on the method of calculation

The document was the Council's primary strategic financial document and met a number of regulatory requirements. Firstly the authority was required to agree a balanced budget for the coming financial year 2017/18. Secondly the requirement to set the level of council tax, and also meet the best practice of setting the 17/18 budget in a medium term context

The Financial Plan was designed to deliver the corporate objectives set out in the Corporate

Plan 2016-20 which were covered in paragraph 2 of the Executive Summary.

Over the last four years the authority had delivered bottom line improvements of £4.4m through efficiencies and income generation. Efficiencies and increased income were continually sought through the five year plan and it was possible to show that the plans deliver a balanced budget for the next two years. With a deficit of over £400k remaining in 2020/21. This was in an environment where the authority's core spending power, as calculated by Government had reduced over that time by 11% and the Government Grant had reduced by £2m since 2015/16. The reduction from 16/17 to 17/18 was £626k.

The balanced position was achieved primarily by the assumptions as set out in paragraph 4.11.2

- Employee Pay Award 1% per annum
- Council Tax increase at £4.95 per annum and growth 0.5%
- Commercial Property Investment of £20m to generate £0.6m savings by 2020/2021
- No growth in NNDR
- Contractual inflation only applied to service expenditure budgets
- 4 year funding settlement in line with draft figures issued by Government
- New Homes bonus is based on Government estimates and payable over 4 years.
- NNDR 1.8% (August RPI)
- Electricity 4%
- Gas 4% from 2018/19
- Capital Programme – total investment; total borrowing; use of reserves; balances at end of five years

During the year a number of initiatives, projects and reviews were undertaken with the aim of achieving £2m of savings in five years. The projected savings requirement for 2017/18 was £0.382m. The Council had been successful in identifying these savings against this target. The significant savings have been achieved from;

- Budget and service reviews £0.147m
- Fees and Charges £0.043m
- Staffing Restructures £0.231
- Removal of Localisation of Council Tax Support (LCTS) Parish Grant £0.169m
- Contract Renewals £0.520m
- Planning Fee Income £0.086

This was against pressures identified during the budget process and legislative impacts

- No charging for Green Waste in 2017/18 £0.502m
- Apprenticeships incl Levy £0.48m

In addition to the above the continued focus on maximising New Homes Bonus through capital investment and identification and intervention measures relating to empty homes had resulted in a further £0.208m per annum of additional grant having been generated. However the New Homes Bonus scheme had been reviewed and allocations would be for a four year period reduced from a six year period. Further reductions may be required in future years to support other public services. The total allocation for 2017/18 was £1.889m. Future projections were based on Government estimates.

The Council continued to set aside New Homes Bonus to support growth and housing regeneration investment (many other authorities require this grant to support their revenue budgets).

The Medium Term Financial Plan also included an ambitious Capital Programme of over £53m which was to be funded from a mix of our own reserves, Grant Funding and borrowing.

Appendix M to the Strategy provided Members with a comparison against other authorities using standard financial measures and due to the level of reserves West Lindsey compared reasonably well in many areas.

The Rural Services Network representative thanked the authority for taking the lead role in the previous year in lobbying for a better settlement for rural areas, the same success was not expected for the 2017/18 year. Reductions in Government funding were greater for rural areas and the gap was widening. It was necessary to take all opportunities to lobby for rural support.

The changes to the New Homes Bonus were unprecedented. The Council currently used this to support regeneration investment, however in future years this may be required to support other public services.

Members gave further consideration to the proposals and the recommendations were moved and seconded, and on being voted upon it was **RESOLVED** that:

a) the Draft Financial Strategy and Medium Term Financial Plan 2017/18 to 2021/22 (which may be subject to change once the final settlement is announced) be recommended to Council for approval;
b) the Capital Investment Programme 2017/18 to 2021/22 be recommended to Council for approval; and
c) any housekeeping changes (including any required by the final settlement) be delegated to the Draft Financial Strategy and Medium Term Financial Plan to the Director of Resources following consultation with the Chairman of the Corporate Policy and Resources Committee prior to the final consideration by Council on 6 March 2017.

104 COMMITTEE WORK PLAN

RESOLVED that the Work Plan be noted.

105 EXCLUSION OF PUBLIC AND PRESS

RESOLVED that under Section 100 (A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

106 SUN INN AND JOINT VENTURE COMPANY

Councillor Cotton sought clarification regarding the item in terms of those Councillors who were also Members of the Planning Committee. The Director of Resources assured Members that the project was for ‘in principle’ agreement only at this time, and should an application be presented to the Planning Committee in due course, Members of this Committee should then declare their involvement at that time.

The Economic and Commercial Growth Director reminded Members that ‘in principle’ approval had been agreed in September 2016, by both the Prosperous Communities and Corporate Policy and Resources Committees, following which negotiations had continued with the developer, and the viability gap acknowledged.

Members had acknowledged that securing a hotel in Gainsborough would have a significant and positive economic impact on the town; and with regard to the joint venture company the strong rationale as summarised below:

- DPL/NSGL ownership of the adjacent property required to deliver a hotel;
- DPL’s matching funding with the Council's equity share investment;
- DPL’s track record of delivering successful regeneration in the town;
- enabling the Council to deliver key regeneration objectives and generate potential commercial return to the Council.

In short, both projects would accelerate the physical and economic regeneration of the town centre. Officers at that time had been delegated to negotiate and prepare a Grant Funding Agreement (GFA). Joint Venture Agreement (JVA) and Articles of Association in line with the Heads of Terms agreed by these committees.

When first considering these proposals Members stressed the importance of securing high quality development and the need to maximise the environmental and regenerative impact of the projects to be commensurate with the level of Council support. In response to this Officers had worked up the Joint Venture Agreement, and Articles of Association to incorporate a wider area of benefit, to include Market, North and Church Streets and Market Place.

The Council and its commercial advisors had continued to work on an “open book” basis with DPL to scrutinise the cost and value of the hotel. A detailed scheme had been worked up and would form a planning application to be submitted to a future meeting of the Planning Committee.

Officers had augmented and quantified the business case to support the redevelopment of the hotel and restaurant, and Joint Venture Company through a bespoke economic impact assessment undertaken by an independent specialist 31TEN.

Further specialist legal advice had been taken in developing these proposals specifically with regards to State Aid and procurement, in addition to in-house legal advice, which had appraised the final suite of agreements to implement the recommendations. These Agreements followed the Heads of Terms Members agreed in September/October 2016 and provided a robust basis to manage the release of the Council’s funding, delivery of outputs

and ensure value for money.
Members debated the report and its proposals at some length and generally agreed that this was an exciting opportunity to develop part of the town. Concerns were however expressed at the lack of a Councillor on the board, as this was felt to be an opportunity to have close scrutiny. It was clarified however that a Councillor's primary role was allegiance to West Lindsey District Council, but as a board member would be required to support the company which would lead to a conflict of interest. It was therefore recommended that one of the Council's independent Governance and Audit Committee Members be allocated the place on the board, which would alleviate that conflict.

Officers were congratulated for undertaking a thorough job on the project, and that the risks had been mitigated as far as was possible. This would be a bold and enterprising venture and would turn Gainsborough's fortunes and perception positively.

RESOLVED that:

a) the Council enters into a Grant Funding Agreement (as attached as Appendix 1 to the report), to enable the redevelopment of the Sun Inn to a new 56 bedroom hotel with an independent ground floor restaurant, be approved;
b) the Council becomes a member of Market Street Renewal Limited (a 50/50 joint venture company with DPL to facilitate the regeneration of Market, Church and North Streets and Market Place area) by subscribing for shares in the company in accordance with the Joint Venture Agreement, Articles of Association and associated company formation documents (attached at Appendix 2 to the report), be approved;
c) the Council enters into the Joint Venture Agreement, and the Shareholders Loan Agreement (attached as Appendix 2 to the report) to form, finance and govern the operation of "Market Street Renewal Limited", be approved;
d) the release of the requisite funding set out in recommendations a), b) and c) above and to include a capped grant of up to £1,400K to NSGL, pursuant to the GFA, and loan funding of £250K pursuant to a Shareholders Loan Agreement to Market Street Renewal Limited, be approved;
e) the sale of the Council's long leasehold interest in properties in North Street into Market Street Renewal Limited at market value subject to a business case and in compliance with the Council's Disposal Policy be approved in principle;
f) the appointment of the Economic and Commercial Growth Director plus one other officer or independent, as Directors of Market Street Renewal Limited and approve that the Council enters into the Deed of Indemnity (attached as Appendix 3 to the report) in respect of each such appointee, be agreed;
g) the appointment of the Director of Resources to represent the Council as the shareholder in Market Street Renewal Limited, be agreed;
h) delegation be given to the Chief Executive, following consultation with Chairmen of Corporate Policy and Resources and Prosperous Communities Committees, to take such decisions and execute such documents as shall give effect to the above decisions.

107 SURE STAFF BUSINESS PLAN

The Director of Resources introduced the report which had been agreed to be required to provide an annual business plan for consideration.

The background was set out in the executive summary:

The original proposal to buy Surestaff was based on four potential benefits:

- To have a reliable local provider of agency staff to WLDC
- To minimise the cost of managing suppliers within the Operational establishment (cost avoidance)
- To generate an income stream from charged in services
- To generate a shareholder return

The report provided an update on current performance and had the full business plan for the following three years attached.

The acquisition of Surestaff had proved to be a success from a business perspective, with a smooth re-entry into the market following the previous "winding down" of the agency. Losses were expected to be relatively small over the first two years with an overall benefit to the Council when recharged income, costs avoided and security of supply were taken into account. Over the longer term, these indirect benefits would be supplemented by a stream of positive profit contributions generated by the new venture.

A recent reforecast, compiled on a relatively prudent basis, illustrated the potential for a positive contribution resulting from a local enterprise which was already generating a social return for the local communities of WLDC.

Members sought assurance on the ethical aspect of the company, that agency staff were not exploited through desperation, nor being employed to replace permanent workers at a cheaper rate on zero hours contracts.

The Director of Resources reassured members that the Council's own arrangements were to cover needs at particular, usually seasonal, times. Contracts were temporary rather than part-time, and staff were paid at similar rates to permanent staff. There was no evidence that agency staff were replacing permanent jobs, however as a shareholder he would raise this with the board.

It was acknowledged that agency work could be a route for individuals to get into work, and it could also suit some individuals to be temporary instead of permanent.

Note was made of the intention to not continue the employment of migrant workers for practical/ethical reasons.

Reference was made to the reduced gross margin prediction set out on page 10 of the report. The Director of Resources responded that whilst the profit margins were currently less than predicted, the intention was that there would be two companies, one of which would be TECKAL, which would enable services to be provided to other local authorities, and this would make a positive contribution to the bottom line of the Council and it was hoped for profit in year 3.

RESOLVED that the Business Plan be **RECOMMENDED** to Council, as the single shareholder, for agreement.

The meeting concluded at 8.38 pm.

Chairman