

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 15 June 2017 commencing at 6.30 pm.

Present: Councillor Jeff Summers (Chairman)
Councillor Owen Bierley (Vice-Chairman)

Councillor Matthew Boles
Councillor Michael Devine
Councillor Steve England
Councillor Stuart Kinch
Councillor Giles McNeill
Councillor John McNeill
Councillor Tom Regis
Councillor Mrs Lesley Rollings
Councillor Trevor Young

In Attendance:
Ian Knowles Director of Resources and S151 Officer
Tracey Bircumshaw Financial Services Manager
Eve Fawcett-Moralee Director Economic & Commercial Growth
Karen Whitfield Community Commercial Investment Programmes Manager
Dinah Lilley Governance and Civic Officer

Apologies: Councillor David Cotton
Councillor Boles had apologised in advance that he would be late arriving.

Membership: Councillor Trevor Young substituted for Councillor David Cotton.
Councillor Giles McNeill substituted for the current vacancy on the Committee.

4 PUBLIC PARTICIPATION PERIOD

There was no public participation.

5 MINUTES OF PREVIOUS MEETING/S

The minutes of the Corporate Policy and Resources meetings held on 4 May and 8 May 2017 were approved as a correct record.

6 DECLARATIONS OF INTEREST

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

7 MATTERS ARISING SCHEDULE

The Governance and Civic Officer noted for Members that the first three items were showing as black as having been completed. The next item, as green and expected for completion, was assigned to the Director of Resources, who had circulated an update which set out a clearer explanation of the financial position of the forecast outturn.

1. REVENUE BUDGET MONITORING – Forecast out turn for 2016/17

- 1.1 The draft Revenue Budget out-turn for the 2016/17 financial year is a surplus position of £1,059k this is after taking account of approved carry forwards of £524k (detailed at Appendix D), this surplus is comparable to the Period 3 of £798k, variance of £261k, with significant movements since that period being;

Detail	£'000
Position Period 3	798
Increased Planning Fee income	84
Refund of Legal Shared Service	71
Year end accounting adjustments	131
Additional Government Grant income	106
Less Employee costs	-96
Less Other variances	-35
Total Variance to Period 3	261
Position Period 4	1,059

8 ANNUAL TREASURY MANAGEMENT 2016-17

The annual treasury report was a requirement of the Council's reporting procedures. It covered the treasury activity during 2016/17 and the actual Prudential Indicators for 2016/17.

The Council was required by regulations issued under the Local Government Act 2003 to produce an Annual Treasury Management review of activities and the actual prudential and treasury indicators for 2016/17. The report met the requirements of both the CIPFA Code of Practice on Treasury Management (The Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

The Council confirmed that it had complied with the requirement under the Code to give prior scrutiny to all of the treasury management reports by the Governance and Audit Committee (Annual Investment Strategy) and Policy and Resources Committee (Capital Programme, Mid-Year and Annual Report) before they were reported to the full Council. Member training on treasury management issues was undertaken during the year on 9 January 2017 in order to support Members' scrutiny role.

During 2016/17, the Council had complied with its legislative and regulatory requirements.

The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, were set out in the report along with other prudential and treasury indicators. The S151 Officer also confirmed that no borrowing was undertaken and the statutory borrowing limit (the Authorised Limit) was not breached. The financial year 2016/17 continued with a challenging investment environment of previous years, namely low investment returns.

A Member sought clarification of the longer term position, and was informed that, as set out in the Medium Term Financial Plan 2017-18, the anticipated reserve position in five years was £12m, however this would reduce over time.

It was noted that most indicators were as expected in the current uncertain economic climate, but that investment returns were pleasing. The Chairman of the Governance and Audit Committee noted that the Committee made recommendations on the assessment of the credit worthiness of investment partners, and that the Council was 'risk aware' not 'risk averse'.

Members welcomed the report and moved the recommendation for approval. On being seconded it was:

RESOLVED that the Annual Treasury Management Report for 2016/17 be accepted and recommended to Council for the approval of the actual 2016/17 Prudential and Treasury Indicators contained therein.

9 COMMITTEE WORK PLAN

The workplan was presented for Members' information. The Vice Chairman sought assurance that the Discretionary Rate Relief for Community Facilities would be a future item for Committee approval. This was confirmed.

RESOLVED: that the Committee Work Plan be noted.

10 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

11 CHAIRMAN'S ANNOUNCEMENT

The Chairman informed the Committee that agenda item 8c (Hillcrest Park Rural Enterprise Development) was withdrawn following its deferral at the Prosperous Communities Committee and once agreed would be submitted to a future meeting.

12 FOOD ENTERPRISE ZONE DELIVERY PROGRAMME

The Director of Economic and Commercial Growth introduced the report which sought approval of the draft Food Enterprise Zone (FEZ) delivery strategy to inform a business plan to secure a minimum of £1.5m grant funding from the GLLEP, including the approval of a commercial loan from WLDC to the master developer to deliver required enabling infrastructure.

Consent had been given by the Prosperous Communities Committee for the Local Development Order (LDO), and the Planning Committee had also been informed. The LDO defined the uses to which the land could be put. Work was ongoing with the four landowners, and interest was already being shown by a number of organisations and companies.

The Hemswell Cliff FEZ together with the FEZs at Holbeach and Europarc, formed the delivery mechanism to the GLLEP Agri-food Sector Plan and were key economic drivers in the GLLEP Strategic Economic Plan (SEP). The three FEZs would establish a triangular hub serving the key agri-food clusters in the Greater Lincolnshire area (arable crop sector and food processing in Central Lincolnshire, fish processing in the South Humber Bank and fresh produce at Holbeach).

The 'A15 growth corridor' physically linked all three FEZ areas and was thus important strategically in facilitating growth of the food chain across Greater Lincolnshire. On this basis the three FEZs were invited to submit a bid via the GLLEP for Single Local Growth Funding.

Officers had submitted an outline bid to the GLLEP last autumn seeking grant funds to deliver enabling infrastructure works for the site as identified in the Hemswell Cliff Local Development Order and Statement of Reasons. A total investment of £6.5m for all three FEZs had been secured from government as part of the GLLEP's Growth Deal 3 submission. In order to allocate the grant to each FEZ the GLLEP had set up a Challenge Fund and had requested that the Local Authorities submit a business case to substantiate the funding gap requirements and provide assurance on delivery.

Note: Councillor Regis declared a non-pecuniary interest in the item as being an adjacent landowner, and noted that he would not take further part in the consideration of the item.

Note: Councillor Boles joined the meeting at 7pm.

Members asked a number of questions on the development of the wider area and how the project sat within the whole community. It was anticipated that the FEZ would create around 11,000 job in total which would benefit the surrounding area. Concerns were expressed regarding the road network and its safety. Consideration of the highways infrastructure was included within the scheme, but to make this a requirement would make the project unviable. The status of the FEZ would give weight to lobbying for improvements.

It was questioned whether housing in the vicinity would be appropriate in what would be an industrial area. Housing in the area was defined within the Central Lincolnshire Local Plan, with 180 homes across the road. It was necessary to consider an holistic approach and the wider picture of the whole area.

The report was welcomed and continued success hoped for. The recommendations were moved and seconded and on being voted upon it was:

RESOLVED that:

- a) the draft site delivery strategy outlined in the report to inform the production of the Business Plan/bid for submission to the Greater Lincolnshire Local Economic Partnership (GLLEP) to secure a minimum of £1.5 million of grant funding (from the Single Local Growth Fund Round 3), be approved;
- b) the Council's role as accountable body for the grant funding of £1.5m expenditure through the Capital Programme be approved;
- c) expenditure of up to £1.5m from the Capital Programme budget for the Food Enterprise Zone for the purpose of issuing a commercial loan, subject to the Heads of Terms be approved; and
- d) the Heads of Terms of the commercial loan of up to £1.5 million to the master developer (Hemswell Food Enterprise) to match fund the grant funding to deliver enabling infra-structure, be approved.

13 COMMERCIAL PROJECT - REVISED COSTINGS

The Community Commercial Investment Programmes Manager reminded the Committee that in June 2016 Members of Corporate Policy and Resources Committee considered and approved a commercial business case proposing the development of a facility and agreed a total capital budget of £4.013 million to develop the facility plus a 15% tolerance. This decision was based on a headline business case which presented outline figures of the estimated likely cost of development together with income and expenditure projections known at that time.

The report before the Committee sought to update Members with regard to the current progress with the development project and to present a revised business case and costings together with a request for additional capital funding.

Members debated the additional costings set out in the report, and some felt that further detail was required before a decision could be made however assurance was given that work had been ongoing with external consultants and that appropriate procurement procedures would be undertaken. Members requested that they be provided with the additional financial detail and also the EU Procurement Rules. The Director of Resources agreed to circulate the information.

Further information was sought and provided on the site proposed for the development, however it was acknowledged that the presence of great crested newts could delay any potential start date.

It was proposed that the recommendations be amended to allow for full implementation rather than a phased approach, and the finance requested be adjusted accordingly.

The amendment was then voted upon and on being seconded and voted upon it was:

RESOLVED that the recommendations be amended to remove the phased

approach and for the finance to be increased accordingly.

Note: Councillors Rollings and Young requested that it be recorded that they had voted against the amendment.

The amended recommendations were then moved, seconded and voted upon. It was therefore:

RESOLVED that:

- a) the developing of the commercial project be agreed;
- b) the revised capital spend of £6.1m in order to develop the project be approved;
- c) a 10% tolerance on the capital project cost which would allow the project to cost 10% more or less than the budgeted £6.1m be approved. Any variation outside these tolerances will require further consideration by Corporate Policy and Resources Committee; and
- d) the Prosperous Communities Committee provide policy direction on the design of the facility and the services being offered to the community.

Note: Councillors Rollings and Young requested that it be recorded that they had voted against the resolution.

14 UNLOCKING THE HOUSING STRATEGY

The Director of Economic and Commercial Growth informed the meeting that West Lindsey District Council had been successful in bidding for £4 million funds from the Greater Lincolnshire Local Enterprise Partnership (GLLEP) Single Growth Fund Round 3, for the 'Gainsborough Growth Programme'. This was the largest allocation of funds to any town in the County, and demonstrated excellent leverage of funds against the Council's capital programme.

The GLLEP had indicated that the £4 million funding was to support the Gainsborough Growth Programme and that the Council was not limited to the projects identified in the original bid, as long as the proposed project would be supported by a robust business case and would achieve the ambitious housing growth programme for Gainsborough. In addition the GLLEP had advised that retrospective cost could be recouped through the grant if supported by the business case.

The proposals for the business case were set out in the report:

- the Gainsborough Transport Study (£271,000);
- the release of £150,000 to form a 'Living over Shop Fund' based on the criteria set out in the report;
- delivery of Housing Zone sites and related town centre Regeneration;
- the delivery of the Riverside Gateway development to be included in the Business Case as a future project/phase 2 of the Development Partnership.

Debate ensued with Members seeking further information on specific aspects of the

proposals, particularly the marina and Lea Road school.

Clarification was sought that the strategy for expenditure as requesting approval in the first Recommendation was that set out in paragraph 3 of the report, on this being affirmed it was proposed that the recommendation be more explicit to reflect this. It was moved, seconded and voted on that the first recommendation be amended.

RESOLVED that the first recommendation be amended to refer to paragraph 3 of the report.

The amended recommendations were then moved and seconded, and on being voted upon it was:

RESOLVED that:

- a) the emerging strategy for expenditure as set out in paragraph 3 of the report (part of the delivery of the Gainsborough Growth Programme) to inform the production of a Business Plan to be submitted to the GLLEP Investment Board be agreed; and
- b) it be agreed that the Council accept the grant and to act as Accountable Body in this regard.

15 ASSET DISPOSAL

The Director of Resources introduced the report which sought approval for the disposal of the leases for 3 and 5 North Street into Market Street Renewal Limited.

5 to 7 North Street was in the freehold ownership of Acis, with the two shop units leased to WLDC as part of the original Deed of Transfer on 29 September 1999. The upper floors comprised four flats, two in private ownership and two owned by Acis. The building was in a prominent position and adjacent to the Sun Inn, the subject of redevelopment to create a comprehensive regeneration scheme for this quadrant of the town centre.

The enhancement of this building was regarded as material to the wider regeneration of this gateway location. Therefore the inclusion of North Street into the remit of the joint venture company was important to delivering a comprehensive gateway to the town centre. The joint venture company would invest in these shop units which would enhance the quality of the streetscape.

The leases had been independently valued and the Council currently received an income from rents of the two properties. The sale of the shops to Market Street Renewal Ltd would secure capital investment to these retail units and an increase in rental income over time. Following the refurbishment it was estimated the value of the leases would increase.

Note: Councillors Boles and Devine each declared a personal interest in that they knew the tenants of the buildings.

Brief discussion took place with assurance being given that the tenants would be informed, but that the only impact on them would be a change of landlord.

The recommendations in the report were moved, seconded and voted upon. It was therefore:

RESOLVED that the sale of the Council's long leasehold interest in numbers 3 and 5 North Street to Market Street Renewals Limited (approved in principle by this Committee in February) be approved.

16 BUSINESS PLAN FOR MARKET STREET RENEWAL

The Director of Resources (as the Shareholder representative) and the Director of Economic and Commercial Growth (as Director of Market Street Renewal Ltd) introduced the report which sought approval of the business plan (in the Council's capacity as a 50:50 shareholder) in the joint venture company – Market Street Renewal Limited and authorisation for the Council's Shareholder Directors to deliver activity and expenditure in accordance with the plan.

The business plan would ensure the refurbishment of five shops, three of which had been vacant for a number of years. It was material to note that these properties were in effect beyond economic repair. Furthermore their listed and conservation area status required a conservation led approach with significantly higher build costs.

The business plan would ensure that the entire run of properties from the Methodist Church on North Street to 35 Market Place, would be refurbished in tandem with the redevelopment of the Sun Inn. This constituted a Gateway scheme to the town centre, a transformational change to the environmental quality of the historic town centre and will provide catalyst to the wider regeneration of the town.

The economic impact of these developments had been appraised at in excess of £600k pa. More significantly the comprehensive nature of the entire scheme would fundamentally change the perception of the town centre.

The intention was to continue the conservation led regeneration work through the recently adopted Heritage Master plan funded by Heritage Lottery, the Development Partnership and Housing Unlocking Grant in subsequent years.

This approach was attracting strong interest from other Councils and Historic England and is been hailed as good practice and an exemplar of town centre regeneration.

Updated financial implications were circulated to the Committee and reflected a change to the interest rate. Approval was sought from the Corporate Policy and Resources Committee for the Business Plan, as the Directors were not able to make decisions without its agreement.

Members commended the report and acknowledgement was made that the Council was working with a partner with a proven track record.

The recommendations were moved, seconded and voted upon. It was therefore:

RESOLVED that:

- a) the business plan for the joint venture company – Market Street Renewal limited be approved and the Council’s Shareholder Directors be authorised to deliver activity and agree expenditure in accordance with the plan; and
- b) the company be authorised to use a borrowing facility of up to £200k as appropriate to provide temporary finance as deemed necessary.

17 CHAIRMAN'S ANNOUNCEMENT

The Chairman thanked Members for their attendance and also noted that it was the Governance and Civic Officer’s last meeting of the Committee before she left the authority. He expressed his appreciation for her assistance over the years and the Committee gave a round of applause.

The meeting concluded at 8.57pm.

Chairman