

# Minutes



<b>Meeting name</b>	<b>Cabinet</b>
<b>Date</b>	<b>Wednesday, 15 July 2020</b>
<b>Start time</b>	<b>4.00 pm</b>
<b>Venue</b>	<b>This meeting will be held by remote access - details below</b>

## Present:

**Chair** Councillor J. Orson (Chair)

**Councillors** L. Higgins (Vice-Chair) R. de Burle  
A. Freer A. Pearson

**Observers** Councillor P. Cumbers  
Councillor J. Douglas  
Councillor C. Evans

**Officers** Chief Executive  
Director for Housing and Communities  
Director for Corporate Services  
Director for Growth and Regeneration  
Assistant Director for Governance & Democracy  
Democratic Services Manager  
Democratic Services Officer (CR)

<b>Minute No.</b>	<b>Minute</b>
94	<p><b>APOLOGIES FOR ABSENCE</b> There were no apologies for absence.</p>
95	<p><b>MINUTES</b> The Leader of the Council gave a statement concerning minute 93:</p> <p>In reviewing the minutes I wanted to respond to a suggestion made by Leicestershire County Council with regards item 6 (minute 93) where, at their own subsequent meeting they expressed concern that the Cabinet did not take the decision to approve the Masterplan for the Southern Sustainable Neighbourhood with knowledge of the issues raised in a letter dated 15th June to the Chief Executive. I would like to clarify that Cabinet were well aware of the so called viability issued raised in the letter, because they have been cited on many occasions by the County Council and indeed our officer specifically and extensively referenced matters of viability in his briefing to Cabinet whilst introducing the report. He noted that whilst viability testing had not been completed alongside the development of the Masterplan, it had been undertaken as part of the Local Plan development and then again in 2019. He also confirmed that this work should be refreshed as part of the next steps, something we are already in the process of undertaking.</p> <p>I shall say more on this subject at our Council meeting next week, but for now I confirm I am fully satisfied that all relevant matters were considered prior to making what was a transparent and robust decision and that I would like this statement recorded in the minutes for this meeting. Furthermore in approving the minutes this evening, my Cabinet colleagues are agreeing with this position.</p> <p>The minutes of the meeting held on 17 June 2020 were confirmed and authorised to be signed by the Chair.</p>
96	<p><b>DECLARATIONS OF INTEREST</b> Councillors Orson and Pearson each declared an interest in any items relating to Leicestershire County Council, due to their roles as a County Councillors.</p>
97	<p><b>MATTERS REFERRED FROM SCRUTINY COMMITTEE IN ACCORDANCE WITH SCRUTINY PROCEDURE RULES</b> No items had been referred from Scrutiny Committee in accordance with the Scrutiny Procedure Rules.</p>
98	<p><b>GENERAL FUND REVENUE ACCOUNT 2019/20 PROVISIONAL YEAR END POSITION</b> Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to provide Members with information on the provisional year end for the General Fund accounts, the final position for which was still subject to External</p>

Audit approval for 2019-20 and to provide information on the implications on the Council's balances and reserves.

Mrs. Garton advised that the external audit would commence in August and results would likely be submitted to Audit and Standards Committee on 24 November 2020, rather than 29 September 2020, due to a delay in the audit of the pension fund accounts, which fed into the Council's Statement of Accounts.

Mrs. Garton highlighted that performance of individual budgets, including budget holder comments on significant variations was detailed at Appendix A of the report. The General Fund was underspent by £126k against the approved budget and Special Expenses was underspent by £81k. Paragraph 4.6 of the report detailed the position on the reserves, excluding any impact as a result of COVID-19.

Mrs. Garton commented that the provisional year end position being close to the approved budget and the overall underspend of funds was positive. However, the accuracy of in year forecasting needed to be improved, especially in light of the anticipated results of COVID-19 (the potential impact of which on the Council's finances was detailed paragraphs 9.2, 9.3 and 9.5 of the report). The report had been drafted without anticipated information from the Government on a third tranche of funding. Should this funding not be sufficient, the Council would need to meet any residual shortfall from its own reserves. The Council would be severely restricted in its ability to invest in future projects if its reserves were depleted as a result of COVID-19 and officers were aiming to mitigate this risk by identifying savings options. The impact on finances was in constant review and officers would continue to lobby Government for sufficient resources to cover the additional expenses and loss of income.

Councillor Ronnie de Burle, Portfolio Holder for Corporate Finance and Resources thanked the Director for Corporate Services and her team for their work on closing the 2019/20 accounts, commenting that there had been conflicting demands on time over recent months and this was a tremendous achievement.

Councillor de Burle reiterated that the Council's performance against the approved budget had been very good and he highlighted the importance of the Council improving its forecasting. The impact of Covid-19 was a significant concern and support from Government was vital but may not be enough to mitigate the total loss in Council revenue. There was massive uncertainty on the Council's long-term financial position. It was imperative that the Council exercised maximum diligence so that next year's budget was minimised to ensure there was no unfunded financial demands on reserves and improve the Council's financial sustainability.

During discussion, the following points were noted:

- COVID-19 had a massive financial impact on the Council. Two tranches of funding had been received from the Government, with a third anticipated and a 'mopping up' tranche expected in late autumn.
- Thanks to Alicia Kearns MP for her work in lobbying the Secretary of State

for Housing, Communities and Local Government on behalf of the Council.

- It was noted that the impact of COVID-19 on Council services could last for a number of years and concerns were raised over the possible increased demand and the financial impact this would have (homeless, Universal Credit etc). Projections had been made in relation to all services up to March 2021s and these projections had been included in the report.
- Projections on homelessness related primarily to bed and breakfast accommodation (£250k). There would potentially be lobbying of Government for direct financial support and to highlight the long-term impact on communities. The Council had a focus on this issue. It was working with Chief Housing Officers across Leicestershire and it also formed part of the Council's Corporate Strategy.
- Highlighted that council tax alone did not raise enough revenue to fund all Council services. There was a shortfall and Council's struggled to raise their own finances.
- With reference to the significant reduction in Planning income, due to uncertainty over the UK's departure from the EU, as detailed at paragraph 4.6.2 of the report, the vital importance of accurate budget forecasting was highlighted and reiterated.
- Members thanked the Portfolio Holder for Corporate Finance and Resources, the Director for Corporate Services and her team for their work, noting that the Council would continue to work cohesively for the benefit of the community.
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#### Cabinet

(1) **NOTED** the provisional year end position, variations to the 2019-20 approved budget and the resultant effect on the Council's balances and reserves for the General Fund;

(2) **RECOMMENDED** to Council that £300k of the business rates equalisation reserve be allocated to support any unfunded Covid-19 expenditure.

#### Reason for the decision

It is important that Cabinet are aware of the financial position of the General Fund, in order to ensure they can make informed decisions that are affordable and financially sustainable for the Council.

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#### **HOUSING REVENUE ACCOUNT 2019.20 - PROVISIONAL YEAR END POSITION**

Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to provide Members with information on the provisional year end for the Housing Revenue Account (HRA) position, subject to external audit approval for 2019/20 and to provide information on the implications of the Council's balances and reserves.

Mrs. Garton highlighted that performance of individual budgets, including budget holder comments on significant variations was detailed at Appendix A of the report. The Housing Revenue Account (HRA) had been underspent by £496k and the table at paragraph 9.4 of the report showed the impact of this on the HRA reserves and balances. This was an improved position but the Council faced challenges on this budget in relation to COVID-19 and rent recovery. No Government funding had been received on the HRA. The HRA Business Plan would provide further information on the HRA position over a long-term period.

The Director for Housing and Communities advised that the Council had significant ambitions for its housing service and Housing Improvement Programme. The impact of COVID-19 on tenants was in respect of rental income and service charges, which funded the landlord function and improvement to housing stock and the Council would monitor and manage this risk. The budget had been set aside for the Housing Improvement Plan and the Council would work to deliver significant capital programmes.

Councillor Ronnie de Burle, Portfolio Holder for Corporate Finance and Resources advised that the position on the HRA showed that the Council was able to meet its immediate objectives. There was still uncertainty concerning the impact of COVID-19 but possibly to a lesser extent than on the General Fund. The HRA Business Plan was an essential tool to understanding viability long-term. internal recharges – staff time billing costs – budget holder can not influence they just get their apportioned share of them.

During discussion, the following points were noted:

- Members thanked the Director for Corporate Services for the work undertaken.
- It was noted that ‘uncontrollable costs’ related to internal recharges (staff time, building costs etc, which the budget holder was unable to influence and each budget holder received an apportioned share).

Cabinet **NOTED** the provisional year end position, variations to the 2019-20 estimated year end position and the resultant effect on the Council’s balances and reserves for the Housing Revenue Account.

Reason for the decision

It is important that Cabinet are aware of the financial position of the HRA in order to ensure they can make informed decisions that are affordable and financially sustainable for the HRA and the links to the business plan.

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**ANNUAL PROCUREMENT APPRAISAL AND FRAMEWORK 2020-24**

Dawn Garton, Director for Corporate Services introduced the report, the purpose of

which was to set out the proposed Annual Procurement Appraisal and Framework 2020 – 2024 for consideration.

Mrs. Garton highlighted that the Council provided a procurement service to a number of other councils, as well as to this Council. The Annual Procurement Appraisal and Framework, as detailed at Appendix A of the report covered key areas within the National Procurement Strategy and assessed councils against relevant principles and on their ambitions for each of the areas. The Framework would be offered to councils to use.

Councillor Ronnie de Burle, Portfolio Holder for Corporate Finance and Resources commented that the Framework was an essential tool. It would assist in following best practice, help to secure value for money, takes national guidance and applies it to council needs and priorities. The Procurement Unit had planned a number of training sessions for officers and further work to ensure the aspirations of the Council were achieved. The new Contract Procedure Rules would be submitted to Council on 22 July for approval.

During discussion, the following points were noted:

- The Council wanted to support local businesses as much as possible and the Contract Procedure Rules governed how the Council obtained goods and services (below the tender threshold of £50k, the Council was able to approach local suppliers but the Council had to advertise its procurements above £50k and was not allowed to advantage or disadvantage local suppliers). Consultation on procurement reform was anticipated this summer but may be delayed. The Procurement Unit would feed into the consultation the drive for local spend and spend for small and medium business.
- It was noted that appraisal of the Council's procurement performance was based on current performance against the principles contained in the National Procurement Strategy. The Council was satisfied with a number of its ratings and also had aspirations to improve others.
- Members highlighted their support of awarding contracts to local suppliers where possible, raising the vital importance of supporting local businesses and suppliers. This would invigorate Melton's economy, help the community and protect the environment. Officers must follow the rules on award of contracts (fairness, transparency equal treatment impartiality etc) but these important issues should also be taken into account, in order to secure best value for money long-term (taking into account 'life cycle costs' such as start up, maintenance, training, decommissioning costs), as well as environmental, social and economic benefits.

Cabinet **APPROVED** the new Annual Procurement Appraisal and Framework 2020 - 2024.

Reasons for the decisions

The Appraisal and Framework looks at the Key Areas within the National Procurement Strategy (2018) and assesses the Council against each principle, setting out clear commitments for the next four years. These commitments will be reviewed on an annual basis to monitor progress, as well as any external impacts and influence.

Building on and linking with the Key Areas of the National Procurement Strategy, Appendix A also sets out how Procurement can help the Council to achieve some of their priorities, as set out within the Corporate Strategy (2020-2024).

The Appraisal and Framework seeks to find a balance between a drive for best practice, value for money and looking at how the Council can achieve increased sustainable procurement.

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**TREASURY MANAGEMENT ANNUAL REPORT 2019/20**

Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to provide a summary of the Treasury activities in 2019-20. The report also covered the actual position on the Prudential Indicators, in accordance with the Prudential Code.

Mrs Garton advised that the following Cabinet approval, the report would be submitted to Council next week.

Mrs. Garton highlighted the following key points:

- The Council took no new borrowing in year and borrowing remained within the Council's statutory borrowing limit
- The Council achieved a 1.25% investment return for the year, which was an increase over the previous year. This had generated an additional £138k across the General Fund and Housing Revenue Account.
- The Council needed to exercise caution. The outlook for the current financial year was much lower and there were challenging times ahead for investments as a result of COVID-19.

Councillor Ronnie de Burle, Portfolio Holder for Corporate Finance and Resources thanked the Director for Corporate Services and her team for their work, adding that the additional £138k, which the Council's treasury management activities had accrued last year highlighted the team's success in that area.

Councillor de Burle reiterated that there was currently much uncertainty in the markets and it was vital that the Council acted with caution.

During discussion, the following points were noted:

- Members expressed thanks to the Portfolio Holder for Corporate Finances and Resources and the Director for Corporate Services for their work.
- The 1.25% increase on investment was encouraging. The Council should

continue to utilise the money it held, including consideration of investment in stocks and shares, however, it was noted that this involved greater risks.

Cabinet

(1) **APPROVED** the Treasury Management Annual Report for 2019-20 for submission to Council;

(2) **NOTED** the actual position on Prudential Indicators for 2019-20

Reasons for the decision

It is important that Cabinet are aware of the Council's Treasury Management performance to ensure they can make informed decisions that protect the Council's financial assets while taking regard of financial stability and potential returns.

The Annual Treasury Report is a requirement of the Council's reporting procedures.

The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both codes through Regulations issued under the Local Government Act 2003.

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**ASSET DISPOSAL POLICY**

Pranali Parikh, Director for Growth and Regeneration introduced the report, the purpose of which was to seek approval for the revised Corporate Property and Assets Disposal Policy.

Mrs. Parikh highlighted the Corporate Property and Assets Disposal Policy, as detailed at Appendix 1 of the report, commenting that the Policy provided technical guidance for officers to follow when disposing of Council assets (including types of disposals and a process chart).

Councillor Ronnie de Burle, Portfolio Holder for Corporate Finance and Resources highlighted that dealing with this issue well was one of the main aspirations of the Council's Corporate Priorities. Last year a new Corporate Property and Assets team had been created to bring focus to achieving the aspirations of the Council. The Policy was necessary to allow focus on the proper management of commercial assets (office buildings, car parks community centres and allotments). It provided technical guidance for officers to follow and would enable the Council to move forward with confidence.

Councillor de Burle commented that the unused assets (closed public toilets), referred to at paragraph 9 of the report had considerable commercial value and represented a negative ongoing draw on the Council's finances due to maintenance and the burden of rates.

During discussion, the following points were noted:



- The Policy was a welcomed and much needed improvement on the previous Policy.
- It was noted that all assets considered for disposal would be subject to Royal Chartered Institute of Surveyors (RICS) certified valuations and that best value consideration was an overarching principle in the disposal of assets. This included social, regeneration and community benefits, as well as capital and revenue.
- Members were concerned that the guidance within the Policy was too liberal for officers in relation to consideration of income and yield and that it assumed that they had a certain level of Royal Institute of Chartered Surveyors knowledge when this may not be the case.
- Members highlighted that income and yield of assets should always be assessed when considering disposal and this should be clearly referenced for officers within the Policy and within the diagram at Appendix D of the Policy.
- The community was passionate about Council assets, considering them as part of Melton's history and they reiterated the importance of considering all relevant information before disposal.
- The Government's intended introduction of 100% business rate relief on public toilets in 2018 had been delayed, meaning that the Council was liable for the associated costs. However, Members queried whether these assets fell below the liability threshold and the Director for Corporate Services confirmed that she would look into this and would update Members outside the meeting.

#### Cabinet

- (1) **APPROVED** the Corporate Property Disposal Policy;
- (2) **NOTED** that the properties detailed at paragraph 5.5 of the report would be marketed through an informal negotiated tender process;
- (3) **DELEGATED** authority to the Director for Growth and Regeneration, in consultation with relevant Portfolio Holders to make minor amendments in relation to the discussion at this meeting

#### Reasons for the decision

To ensure a consistent approach in dealing with disposals of Council property.

To receive capital receipts for Council priorities and achieve savings by reducing costs and liabilities for these assets.

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#### **WRITE-OFF OF IRRECOVERABLE DEBTS**

Andrew Cotton, Director for Housing and Communities introduced the report, the purpose of which was to seek approval to write off debts over the value of £2,500, where there was little or no prospect of recovering them.

Mr. Cotton advised highlighted the Council's intention to maximise income through proportionate debt recovery action and acknowledged that the write-off of irrecoverable debt was part of good income management and financial practice. The debts were specified within Exempt Appendix A and these totals were detailed at paragraph 3.3 of the report. The principles of the Corporate Debt Policy had been followed and recovery actions had been exhausted.

Councillor Ronnie de Burle, Portfolio Holder for Corporate Finance and Resources highlighted the necessity to write-off irrecoverable debts as part of good financial practice.

During discussion, the following points were noted:

- Members noted that debts were only assets if they were recoverable and agreed that it was good business practice to write-off irrecoverable debts.

Cabinet

(1) **NOTED** the action taken by the Council to recover outstanding debts;

(2) **APPROVED** the write off of the debts shown in Appendices 1 and 2.

*Reasons for the decision*

All recovery methods have been considered and where appropriate pursued, before recommending that debts are written off.

Officer time can be maximised on greater returns, focusing on debts where there is more realistic chance of recovery.

The meeting closed at: 5.29 pm

Chair