

Minutes

Meeting name	Cabinet
Date	Wednesday, 16 September 2020
Start time	4.00 pm
Venue	This meeting will be held by remote access - details below

Present:

Chair Councillor J. Orson (Chair)

Councillors L. Higgins (Vice-Chair) 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
Director for Governance and Regulatory Services and Monitoring Officer
Democratic Services Manager
Planning Policy Manager
Democratic Services Officer (CR)

Minute No.	Minute
104	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were received from Councillors de Burle and Freer-Jones.</p>
105	<p>MINUTES</p> <p>The minutes of the meeting held on 15 July 2020 were confirmed and authorised to be signed by the Chair subject to the following amendment (to include the text in in bold type):</p> <p><u>Minute 102 – Asset Disposal Policy</u></p> <p>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 officers had a certain level of Royal Institute of Chartered Surveyors knowledge when this may not be the case.</p>
106	<p>DECLARATIONS OF INTEREST</p> <p>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>
107	<p>MATTERS REFERRED FROM SCRUTINY COMMITTEE IN ACCORDANCE WITH SCRUTINY PROCEDURE RULES</p> <p>No items had been referred from Scrutiny Committee in accordance with the Scrutiny Procedure Rules.</p>
108	<p>CAPITAL PROGRAMME MONITORING TO 31 JULY 2020</p> <p>Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to provide a financial progress update on the Capital Programme for the period 1 April 2020 to 31 July 2020.</p> <p>Mrs. Garton highlighted that the detailed position for each project (financed through the General Fund and the Housing Revenue Account) was detailed in Appendices A and B. A summary was provided at paragraph 5.1 of the report. It was anticipated that the spend at year end would be in line with the budget.</p> <p>Mrs. Garton advised that preparatory work had started on a number of projects. However, as a result of capacity issues due to Covid-19, there was a risk that some projects may be delayed until next year. A clearer position would emerge later in the year and a further report would be submitted to Cabinet.</p> <p>During discussion the following points were noted:</p> <ul style="list-style-type: none"> • Members had been in discussion with officers about projects within their individual portfolios, which may be delayed until next year (e.g. support for rural pubs, which had been due to launch in April 2020).

- Projects were reviewed regularly and prioritised in line with the Council's Corporate Priorities.

Cabinet **NOTED** the financial position on the Capital Programme to 31 July and year end forecast.

Reason for the decision

The Council, having set an agreed budget at the start of the financial year needs to ensure the delivery of this Budget is achieved. Consequently, there is a requirement to regularly monitor progress so corrective action can be taken when required, which is enhanced with the regular reporting of the financial position.

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GENERAL FUND BUDGET MONITORING - 1 April to 30 June 2020

Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to advise Members of the year end forecast and financial position for the General Fund and Special Expenses at 30 June 2020.

Mrs. Garton highlighted the forecast for General Expenses and Special Expenses Melton Mowbray were overspends of approximately £59k and £2k respectively. The Council was considering an appropriate portion of Covid-19 costs to be charged to Special Expenses and would provide an update on this later in the financial year.

Mrs. Garton advised that the estimated impact of Covid-19 on additional expenditure and estimated lost income was significant. The Council was yet to submit its first claim to the Government Income Compensation Scheme Grant but the forecast had taken into account that the grant claim may be reduced as a result of any savings made. It had not included bad debts, which may arise and have to be written off (council tax, business rates, property rentals etc.) The Council did not know the nature or amount due in respect of anticipated support from the Government on this.

Mrs. Garton emphasised that in order to achieve the forecasted overspends, which in light of Covid-19 were modest, the Council had considered in year service savings and had reduced budgets by approximately £284k. If these savings had not been identified, the shortfall would have had to be met through limited revenue reserves, impacting on the Council's future financial stability. This has been an important piece of work and was a tremendous achievement.

Mrs. Garton highlighted the risk section and the overall strategic risk, detailed at paragraph 15 of the report, relating to the Council's finances. This was the highest risk on Council's Risk Register and reflected the pressures regarding future financial sustainability, as a result of a number of years of cuts in Local Government funding, followed by the uncertainty on ongoing funding in future years, made worse by the uncertainty caused by Covid-19 (not just for the current financial year but on medium term).

During discussion the following points were noted:

- Members thanked Senior Leadership Team and officers for their work, commenting that the report was both interesting and informative. The Covid-19 impact on various income streams had been mitigated by the Council's hard work and its support to the community.
- Members noted that budget monitoring was reported monthly at Senior Leadership Team meeting and to Cabinet every 3 months.
- Members commented that it was unfortunate that funds had been saved in Environmental Maintenance and Economic Development as these were important and it revealed that the Council may be struggling to recruit to vacancies in these departments
- Planned efficiency savings of £38k, held within Corporate Management Team was in respect of a structure review within the Communities Team. This work did not take place due to the need for a high priority Covid-19 response to meet community needs, impacting on priority and capacity.
- The Council's Covid-19 response had been impressive and all 7 districts in Leicestershire had worked to support their residents. This had highlighted the advantages of district councils, having the ability to make quick decisions. Local decision-making was vital.
- Mrs. Garton would clarify the income shortfall within Place Portfolio – Car Parks, detailed at paragraph 5.4 of the report and in Appendix A.

Edd de Coverly, Chief Executive thanked officers for their work and Members for their support. The challenge on the Council's finances should not be underestimated. Much work had been undertaken by the Council and this was not without compromise. The Council would continue to lobby Government for further funding to mitigate the loss of income and would maintain a vigorous focus on this.

Cabinet **NOTED** the year end forecast and financial position for the General Fund and Special Expenses at 30th June 2019.

Reason for the decision

The Council, having set an agreed budget at the start of the financial year needs to ensure that the delivery of this budget is achieved. Consequently, there is a requirement to regularly monitor progress so that corrective action can be taken when required, which is enhanced with the regular reporting of the financial position.

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HOUSING REVENUE ACCOUNT BUDGET MONITORING - 1 April to 30 June 2020

Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to advise Members of the financial position and year end forecast on the Housing Revenue Account (HRA) at 30 June 2020.

Mrs. Garton advised that the forecast indicated a £110k overspend, whilst maintaining the minimum agreed working balance of £750k. This would result in a

reduced transfer to the Council reserves at the year end to support expenditure on regeneration projects.

Mrs. Garton highlighted the key reasons for the overspend (direct Covid-19 expenditure on staffing and cleaning, reduced income due to voids being higher than budget leading to additional council tax expenditure, withdrawal of the health and safety service charge resulting in reduced income). Some additional costs were being offset by vacancy savings and an underspend on repairs and maintenance.

Mrs. Garton advised that the forecast had not taken in to account the risk of increased bad debts as a result of Covid-19 and tenants struggling to pay rents. To date, there had been no Government grants to support the HRA. The Council reported on the financial impact to Government monthly and would continue to lobby to get Government support.

During discussion the following points were noted:

- As a result of the underspend at the end of last year, the regeneration re-development reserve was at a slightly higher level than in the Housing Improvement Plan (HIP). The Council had provided support to additional priorities from the reserve and the overspend would reduce the reserve further.
- The additional expenditure relating to cleaning was for additional and specific Covid-19 related cleaning at sheltered schemes. This was good work and it would be useful if the report provided these details to highlight that the health of the tenants and staff was a Council priority.

Cabinet **NOTED** the financial position on the HRA at 30 June 2020 and the year end forecast.

Reason for the decision

The Council, having set an agreed budget at the start of the financial year needs to ensure that the delivery of this budget is achieved. Consequently, there is a requirement to regularly monitor progress so that corrective action can be taken when required, which is enhanced with the regular reporting of the financial position.

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ANNUAL OMBUDSMAN REPORT

Adele Wylie, Director for Governance and Regulatory Services introduced the report, the purpose of which was to inform Cabinet of the contents of the Local Government and Social Care Ombudsman's (LGSCO) annual report letter and provide a summary of the complaints received by Melton Borough Council for the year ended 31st March 2020 by the LGSCO.

Mrs. Wylie advised that 10 complaints had been received by the Ombudsman. 2 had been upheld, 2 had not been upheld, 5 had been closed after initial enquiries

and advice had been issued on 1. Of the 2 complaints upheld, 1 related to Planning and the Ombudsman found that although there had been fault in the way the Council had made its decision, it would not have affected the outcome of the planning decision. The second related to Environmental Services, Public Protection and Regulation and the Ombudsman found fault in the way the Council had handled a complaint of noise and antisocial behaviour, which had caused stress. The Council had agreed to pay £300 compensation and a letter of satisfaction had been received from the Ombudsman. A number of service improvements had been put in place to minimise re-occurrences, as detailed at paragraph 5.4 of the report.

Mrs. Wylie confirmed that there had been an increase in corporate complaints received in 2019/20 compared to 2018/19. This may be as a result of more robust internal processes. The Council was working to identify complaint trends, lessons learned and service improvements and Senior Leadership Team had oversight of this. To ensure strategic oversight, complaints would be incorporated in quarterly performance reports to Cabinet and Scrutiny Committee would receive copies, as part of their role to hold the Cabinet to account. In addition, Scrutiny Committee would receive periodic complaints reports for extra strategic oversight.

During discussion the following points were noted:

- Members noted the good work of the Portfolio Holder for Climate, Access and Engagement on this issue.
- Mrs. Wylie would circulate a useful tool, which enabled the performance of all councils to be viewed. This Council compared similarly to the other districts within Leicestershire.
- The Council strived to look after its residents and give them the service they demand. Two upheld complaints was a low number but the aim was to have none.
- Leicestershire County Council had seen a dramatic increase in complaints and a number of them had been upheld.
- Members highlighted the impact of noise and anti-social behaviour on residents. The Council needed to challenge itself and demonstrate that it had met Ombudsman recommendations, especially relating to communication with Members and affected residents. Internal checks and processes as well as Internal Audit assurance could be used to do this.
- There was no complacency within the Council concerning complaints. Every complaint was regarded as a learning opportunity to develop and improve. Service excellence had been identified as a Council priority within its refreshed Corporate Strategy, which would be considered at Council on 23 September. The Council continually challenged itself to develop services around people rather than processes and structures.

Cabinet **NOTED** the Local Government Ombudsman Annual Review Letter 2019/20.

Reason for the decision

It is a constitutional requirement for Cabinet to have strategic oversight of complaints data and receiving complaints data evidences good governance, in line with the Governance Framework.

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HOUSING REVENUE ACCOUNT RENT SETTING AND SERVICE CHARGE POLICY

Andrew Cotton, Director for Housing and Communities introduced the report, the purpose of which was to seek approval to adopt a formal Rent and Service Charge Setting Policy for the Council's landlord function, which would confirm the Council's approach to rent setting, providing clarity for partners, tenants and leaseholders.

Mr. Cotton advised that the policy recognised the importance of the rent and service charge income, which funded the services tenants and leaseholders received. The policy provided a framework of principles in relation to service charge setting and recovery, which was based around transparency and reasonableness. Due to statute and regulation, the Council's options on rent setting were limited.

Mr. Cotton highlighted the consideration to the financial impact on tenants, the Council's approach to recovery and the summary of responses to consultation. Following approval of the Policy, preparation for the next financial year (2021/22), would start.

During discussion the following points were noted:

- Members thanked Mr. Cotton, his team and Councillor Pearson for their work.
- It was noted that the policy was well thought out and fair to tenants. It had been consultative and had consistently engaged with stakeholders.
- The policy set out improved charges (eg targeted to those in receipt of facilities rather than to all), which would be reinvested in the property, putting the HRA on a more sustainable footing.

Cabinet:

- 1) **NOTED** the report and the responses received to the consultation on the Policy;
- 2) **APPROVED** the proposed Rent and Service Charge Setting Policy with effect from April 2021;
- 3) **APPROVED** the continued work on Service Charges;
- 4) **DELEGATED** to the Director for Housing and Communities:
 - a) Decision-making in relation to Service Charge de-pooling and

- disaggregation and consultation with affected tenants and leaseholders;
- b) Authority to make minor amendments to the Policy if required by future changes to legislation and regulation.

Reason for the decisions

Each year, local authority housing landlords must set rents and budgets for the forthcoming financial year and provide each individual tenant with a statutory notice of any proposed rent change. The Council has established practice in respect of rent setting and its discretion is limited by regulation but no clear policy statement.

In relation to service charges, the Council has established custom and practice in recharging tenants and leaseholders for the additional property-related services they receive but no clear policy statement. Section 9 of the Policy draws together and makes explicit the principles the Council adopts in terms of service charges collection and calculation:

- a) It is right the Council collects income to pay for the services it provides.
- b) The Council will act lawfully and reasonably in the setting and recovery of service charges.
- c) Service charges will be de-pooled i.e. they will be payable only by those tenants or leaseholders who receive additional services.
- d) Service charge costs will be calculated on a block-by-block basis, unless it is impracticable to separate costs to that level of detail. If that is the case, costs will be aggregated (i.e. the total cost of the service is to be divided by the number of properties that benefit from the service to calculate the charge).
- e) Information will be provided on service charges, including the costs that the charges cover, how charges are budgeted, and how increases/decreases calculated.
- f) Tenants and leaseholders will be involved in the procurement of contracts for the services they pay for.

The adoption of these principles with effect from April 2021 provides a clear framework for work in the remainder of the financial year 2020/2021 to de-pool and where appropriate disaggregate property-related service charges. This will enable preparation for the annual charges to be considered and reflected as part of the normal decision making processes. This work will involve further consultation with affected tenants and leaseholders.

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FIVE YEARS' HOUSING LAND SUPPLY & HOUSING TRAJECTORY

Pranali Parikh, Director for Growth and Regeneration introduced the report, the purpose of which was to provide information in relation to the current housing delivery and housing supply situation in the Borough.

Ms. Parikh highlighted that the report was positive, showing a significant change in the Council's housing land supply position. It was important to maintain the 5 year supply to demonstrate the delivery of the local plan to avoid unwanted developments in inappropriate locations. The Council had achieved an exceptional

position to evidence over 11 years' supply, which was almost double that stated in the local plan for this year. This followed the upward trend since approval of the local plan and was a demonstration that the local plan had created confidence in the market and for developers, providing certainty of delivery and therefore reducing the risk for the private sector to step in.

Ms. Parikh advised that the Council would not be complacent or underestimate the task of the delivery of the local plan and village infrastructure. Work on delivery of the 2 sustainable urban neighbourhoods (northern and southern), including the sites in rural areas was crucial and needed to continue.

Sarah Legge, Local Plans Manager advised that the Council had attempted to relate the impact of Covid-19 on housing delivery to that which was experienced in the 2007/08 credit crunch as it was the only recent evidence of a recession. The largest single year impact was identified in year 3 post Covid-19. However, the reduction in delivery which may occur based on this evidence would not undermine the Council's plan. Assuming an economic impact associated with Covid-19, restricted to the next 3 years, the Council had sufficient room in terms of housing supply to face any short term challenges.

Mrs. Legge confirmed that the information within Appendix A of the report was complete, although the page numbering was incorrect and would be amended.

During discussion the following points were noted:

- Members thanked officers for their work on this, noting that delivery of 334 housing completions (including 73 affordable homes) was the largest in year for over 20 years and delivery of 73 affordable.
- Members also thanked parish councils and rural organisations for their commitment and hard work, particularly the Harby Village Hall Committee and Clawson, Hose and Harby Parish Council for working with officers to obtain funding from developers for a new village hall.
- Members noted the scenarios detailed at paragraphs 4.7 to 4.10, noting that even as a worse case scenario (8.2 years housing supply), the Council was in a comfortable position.
- There was a wide range of affordable housing options (not just shared ownership and social rent) and the Council was aiming to be more flexible in its delivery of affordable housing.
- Over 1 in 5 housing deliveries was affordable housing. This was good for the people of Melton and its economy.
- Members noted that delivery had not performed as well in some areas as others but improvement was anticipated within the next 3 - 5 years.
- Development of sites within the northern and southern sustainable extension was key to delivery of the much needed bypass for Melton.

Cabinet:

- 1) **APPROVED** the 'Five-years' housing land supply and housing trajectory'

- report;
- 2) **NOTED** that a moderate detrimental impact in housing delivery was expected in 2020/21, 2021/22 and 2022/23, due to the impacts of Covid-19.

Reason for the decision

Approval of the final 2019/20 'Five-years' housing land supply and housing trajectory' report is sought in order to meet the national requirement as identified in paragraph 73 of the NPPF, which states: 'Local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies.

The acknowledgement of the positive position of the Council regarding housing delivery is given by a range of indicators explored in the main body of this document, illustrating that the Council can demonstrate 11.6 years' worth of housing supply against the housing requirement. This is an increase of 51% in comparison to last year's identified supply (7.7 years) and 132% above the minimum target (5 years).

The impact of the Covid-19 pandemic has been considered in the report, assessing the impact in a similar way to the impact created by the 2007/8 'credit crunch' recession. Data from 2007/8 suggests a 13% reduction in housing delivery in the first three years, taking into consideration the delays associated with lockdown (and any potential additional lockdowns in the next five years). The impact of the pandemic is expected to be moderate with a reduction of approximately 250 net completions of dwellings in the next five years; however the Council will be able to deliver above the requirement for that period.

Cabinet **RESOLVED** to exclude the public and press during the consideration of the following item of business in accordance with Part 1 of Schedule 12A of the Local Government Act 1972 (Access to Information : Exempt Information) under paragraphs 3 & 5.

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LEISURE SERVICES SUPPORT AND FUNDING

Andrew Cotton, Director for Housing and Communities introduced the report, the purpose of which to set out the current leisure centre operating conditions in light of COVID-19 and a number of options available to the Council for new leisure contract arrangements.

Cabinet's discussion and the resolutions are set out in full in the exempt minutes.

The meeting closed at: 5.23 pm

Chair

