

Minutes



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| Meeting name | Cabinet |
| Date | Wednesday, 18 November 2020 |
| Start time | 4.00 pm |
| Venue | This meeting will be held remotely - details below |

Present:

Chair Councillor J. Orson (Chair)

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

Observers R. Bindloss P. Cumbers
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
Assistant Director for Planning and Delivery
Democratic Services Manager
Democratic Services Officer (CR)

| Minute No. | Minute |
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| 122 | <p>APOLOGIES FOR ABSENCE There were no apologies for absence.</p> |
| 123 | <p>MINUTES The minutes of the meeting held on 14 October 2020 were confirmed and authorised to be signed by the Chair.</p> |
| 124 | <p>DECLARATIONS OF INTEREST 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> |
| 125 | <p>MATTERS REFERRED FROM SCRUTINY COMMITTEE IN ACCORDANCE WITH SCRUTINY PROCEDURE RULES No items had been referred from Scrutiny Committee in accordance with the Scrutiny Procedure Rules.</p> |
| 126 | <p>HOUSING REVENUE ACCOUNT BUDGET MONITORING - 1 APRIL TO 30 SEPTEMBER Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to provide information on actual expenditure and income incurred on the Housing Revenue Account (HRA), compared to the latest approved budget for the period 1 April 2020 to 30 September 2020.</p> <p>Mrs Garton advised that an anticipated £30k overspend at year end, whilst maintaining the minimum agreed working balance of £750k. This would result in a reduced transfer to the Council's reserves at the year end to support expenditure on regeneration and development projects.</p> <p>Mrs Garton confirmed the key reasons for the overspend (shortfall in income due to the withdrawal of the health and safety service charge and higher level of voids than anticipated. This had been reduced by underspends in a number of areas including employees, repairs and maintenance.</p> <p>Mrs Garton highlighted the risk of increasing bad debt (not included in the report), due to Covid-19 and to date, no specific Government grants had been provided to the HRA. The financial impact is reported to Government each month.</p> <p>Councillor Ronnie de Burle, Portfolio Holder for Corporate Finance and Resources highlighted that at this stage in the financial year, there remained much uncertainty and whilst only a modest overspend had been forecast, it was important to keep focus on the potential for further challenges from Covid-19 and the risk of increasing rent arrears. The Council needed to support its tenants during this difficult time and ensure effective debt management policies and practices were in place in order that the HRA remain financially stable. Although the Government</p> |

had done a great deal to help, it was disappointing that no specific support had been provided to councils managing housing stock. It was hoped that this position would be remedied in the future.

During discussion the following points were noted:

- The Council was making progress on its voids properties, repairs and maintenance, with the aim of having very few void properties, which would assist the future balance of costs and income.
- Members noted the Local Governance Association announcement on 12 November inviting councils to bid for £20k funding to tackle pandemic related housing issues.
- It was too soon to understand the full impact of Covid-19, specifically due to the Furlough Scheme but unemployment was rising and other lag economic indicators needed to be taken into account.
- The Council needed to remain robust on debt management and it was vital to work with partners on provision of tailored support for those in need (how to budget and manage finances).

Cabinet **NOTED** the financial position on the HRA at 30 September 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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CAPITAL PROGRAMME MONITORING TO 31 OCTOBER 2020

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 October 2020.

Mrs. Garton advised that a detailed position for each project was detailed within the appendices and summarised at paragraph 5.1 of the report. It was anticipated that 2 projects within general expenses would be delayed until 2021/21. These would be dealt with as part of the Capital Programme 2021/22 process, which had started.

Mrs. Garton highlighted a forecast underspend on the HRA (largely due to the impact of Covid-19 and the lack of stock condition information). The schemes particularly impacted were detailed in the report and Members should note that there may be further delays.

Councillor Ronnie de Burle, Portfolio Holder for Corporate Finance and Resources advised that the Council's General Fund contained a modest programme of works. The key area of capital spend was the HRA and it was disappointing that Covid-19

had hindered delivery of the programme of works. Progress had been made on stock condition surveying and the housing database, which would enable more accurate reporting on progress in the future.

During discussion the following points were noted:

- Members noted the forecasted underspend of £90k on the General Expenses and the anticipated delay in delivery of the Lake Terrace and Rural Pub Relief projects, which would likely be completed in 2021/22.

Cabinet **NOTED** the financial position on the Capital Programme to 31 October 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 QUARTER 2 BUDGET MONITORING 2020/21

Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to provide financial progress information on the General Fund and Special Expenses for period 1 April 2019 to 30 September 2020.

Mrs. Garton highlighted the forecasted underspends of approximately £100k on the General Fund and £4k on Special Expenses. A portion of Covid-19 costs to be charged to Special Expenses was being considered and would change the current position slightly. The forecasts included the estimated impact of Covid-19 (additional expenditure, estimated lost income, reduced by government grants including the income support scheme). The Council was awaiting information on the Leisure Grant Scheme and some outstanding new burdens funding but there may also be further costs arising from any local lockdowns and in response to the current national lockdown. The forecasts did not take into account any bad debts, which may arise and need to be written off from council tax, business rates and other income streams (e.g. property rentals).

Mrs. Garton advised that the more positive position (than previously forecasted) had been achieved as a result of over £400k of savings from delayed or halted work, alongside vacancy savings from held posts, which would impact some areas in work programmes and capacity. If this had not been achieved, the shortfall would need to be met from limited revenue reserves, which would impact on the Council's future financial sustainability.

Mrs. Garton drew Members attention to the risk section within the report and the overall strategic risk relating to the Council's finances, which reflected the pressure of future financial sustainability, as a result of a number of years of funding reductions, the current uncertainty of future local government funding and the

added pressure caused by Covid-19 both currently and in the future. The budget setting process for 2021/22 had started and there were many unknown factors (the level of Government grant for Covid-19 and business as usual activities for later years, the impact on business rates and council tax collection and growth, when income levels will return to pre Covid-19 levels). Setting a balanced budget for 2021/22, without significant additional Government support would be challenging and there was a high risk of savings having to be made to meet this challenge. Against this background any surplus from this year would be essential to mitigate financial challenges in future years.

Councillor Ronnie de Burle, Portfolio Holder for Corporate Finance and Resources commented that the Council had responded well to challenges within this financial year. He advised that although an estimated underspend on the General Fund was very positive, it must be noted that this had only been achieved due to the significant savings identified in year. There remained much uncertainty on the level to which those finances would be challenged further by bad debts, the ongoing support to businesses and the community, as well as any impact of further national and local lockdowns.

Councillor de Burle reiterated that the Council would face significant financial challenges in budgeting for the next financial year. There were numerous financial risks, which the Council would need to manage and a realistic budget would need to be set, with regard to affordability and difficult decision making to remain financially sustainable and deliver against priorities within the funding available.

During discussion, the following points were noted:

- Members thanked Councillor de Burle, the Finance team and other teams within the Council, which had fed into this work.
- Members noted that the Council would receive compensation from the Government for some of the shortfall in income, detailed at paragraph 4.4 of the report.
- The Council had given much consideration to the support it provided to the community and ending car parking charges had been suggested. However, car parking income represented the greatest forecasted income shortfall (£457k), with £314k anticipated to be recovered through the Income Compensation Scheme. This funding would not be available to the Council if it ended parking charges and without this income and the Council's current financial position and future budget setting would be impacted greatly, resulting in an overspend rather than an underspend, which would need to be met through reserves.
- Members highlighted that with fewer people using Council owned car parks, the Council needed to consider alternative ways to raise income.

Cabinet **NOTED** the year end forecast and financial position for the General Fund and Special Expenses at 30th September 2020.

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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MID-YEAR TREASURY MANAGEMENT 2020/21

Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to provide a summary of the treasury activities to the end of September 2020 and covering the actual position to date on the Prudential Indicators in accordance with the Prudential Code.

Mrs. Garton confirmed that the report would also be presented to Council on 17 December. She highlighted that the key impact of Covid-19 had been the reduction in the base rate and the subsequent impact on investment returns against budget. This has impacted the Council's property fund, with an estimated reduction in value of over £140k over the 2 years 2019/20 to 2021/22. This was currently a notional loss but there was a risk that if this was not recovered a real loss could result in the future. To mitigate this the Council had set up a reserve fund.

Mrs. Garton asked Members to note the proposals currently being developed, regarding investment in property to provide temporary accommodation. If approved, this would be funded by borrowing.

Councillor Ronnie de Burle, Portfolio Holder for Corporate Finance and Resources advised that this had been a difficult time for treasury management activities, due to Brexit and the Covid-19 impact on investment rates and returns. The impact on the Council's property fund was disappointing, as the fund had performed well in the past and would hopefully recover. Should this not be the case, it demonstrated the prudence of monies set aside, as part of the 2020/21 budget to mitigate such a risk.

Councillor de Burle noted the recognition of the potential for borrowing to invest in the purchase of property to provide temporary accommodation. This demonstrated progress on the Council's housing priorities and would reduce the burden on resources to help sustain other services provided to the community.

During discussion the following points were noted:

- Members were pleased by the Council's intention to borrow to invest.
- Investment in temporary accommodation would provide an asset and the Council needed to ensure that it produced a reasonable return on the investment made to enable further investment in services.

Cabinet

1) **RECOMMENDED** to Council that the mid-year position on treasury activity

for 2020-21 be noted;

- 2) **RECOMMENDED** to Council that the mid-year position on the prudential indicators for 2020-21 be approved;
- 3) **NOTED** the potential for borrowing to be undertaken to be initially financed through internal borrowing.

Reason for the decision

The Treasury Management Code requires the Council to provide a mid-year update on Treasury Management activities to the Council. It is a requirement that Treasury Management performance is scrutinised during the year prior to consideration by the Council which falls within Cabinet's remit.

To facilitate the decision making process and support capital investment decisions the Prudential Code requires the Council to agree and monitor a minimum number of prudential indicators.

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MELTON MOWBRAY OPEN SPACES STRATEGY AND ACTION PLAN

Jim Worley, Assistant Director for Planning and Delivery introduced the report, the purpose of which was to seeking the agreement of Cabinet to adopt the Melton Mowbray Open Spaces Strategy and Action Plan, following the responses received from consultation feedback

Mr Worley advised that the Strategy and Action Plan enabled a more strategic and design led approach to open spaces. Key findings included:

- opportunities to consider how to re-use open spaces (e.g. converting some to semi-natural open spaces and allotments).
- presentation of an approach to developer contributions to provide off-site solutions in lieu of on-site provision. It was recognised that there was potential for a large publicly accessible open space facility in the south of the town.
- Provision of a methodology for capital and revenue sums to enable the adoption of open spaces.

Mr. Worley advised that information on cemetery provision was detailed within Appendix 3 of the report.

Mr. Worley highlighted that this strategic approach was a significant change in direction and would lead to better facilities for the whole community. It was important that stakeholders recognised this and the future changes as a result. He emphasised that the role of open space (to protect a view or a feature or provide relief from the built form) remained and would be expected from developers under planning policy and the forthcoming Design SPD, even if the provision of recreation was found elsewhere through off-site solutions.

Councillor Leigh Higgins, Portfolio Holder for Growth and Regeneration (and Deputy Leader highlighted the importance of identifying suitable open space to be used as a new cemetery. He reiterated that the Strategy and Action Plan represented a fundamental change in how the Council would deal with open spaces in the future but would not compromise design requirements. This strategic approach would be welcomed by many Councillors who had worked on the Local Plan.

Councillor Higgins drew Members attention to the table on capital contributions for new open spaces, detailed at paragraph 4.19 of the report. This showed the value attached to the green space and provided clarity and transparency in the way the Council sought developer contributions.

During discussion the following points were noted:

- Members thanked Councillor Higgins and officers for their work in developing the Strategy and Action Plan
- Members noted the high level consultation which had been undertaken
- Members welcomed the reference to environmental and climate change implications within the report, particularly the intention to increase cycle routes (through funding for leisure provision) and the positive impact on biodiversity as a result of semi-natural open spaces
- Does the open spaces take into account patches of land in between housing estates?
- Reference within the report to open spaces being semi-natural allotments or raised beds related to existing open spaces and in future such small patches may be avoided to enable a larger community space.

Cabinet

- 1) **NOTED** the responses given to consultation comments;
- 2) **ADOPTED** the Melton Mowbray Open Spaces Strategy and Action Plan which appears at Appendix 1, including:
 - Opportunity to reclassify some types of existing open spaces to help with deficiencies in semi-natural open space and allotments, which will reduce maintenance costs;
 - A methodology to allow for developer contributions to provide investment in off-site open spaces or enhancement to those existing nearby, or allow for strategic investment in larger projects, in lieu of on-site provision of often limited value;
 - The potential for a large publically accessible site to the south of the town for further investigation;
 - A methodology for capital and revenue contributions from developers to be negotiated in Section 106 agreements to provide clear and transparent costs for the Council to consider the adoption of open

spaces in future developments;

- 3) **NOTED** the recommendations within the Cemetery Provision Report to inform future consideration of cemetery provision.

Reason for the decision

Formal adoption of the Melton Mowbray Open Spaces Strategy and Action Plan is sought in order to provide a deliverable Open Spaces Strategy for Melton Mowbray which reflects the requirements within Policy EN7 of the Local Plan.

As well as guiding the size, type and distribution of open spaces that will be provided across the urban area, the work sets out a well evidenced and transparent formula based approach to seeking developer contributions for the provision, enhancement, management and maintenance of open spaces, to ensure that the spaces provided are sustainable over the long term.

The consultation feedback was generally positive with some useful additions and comments received. This feedback has been implemented within the Melton Mowbray Open Spaces Strategy to produce the final document.

The current cemetery within Melton Borough is nearing capacity. The Cemetery Provision Report identifies suitable sites for a new cemetery and an extension to the existing cemetery.

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MELTON NORTH SUSTAINABLE NEIGHBOURHOOD MASTERPLAN

Jim Worley, Assistant Director for Planning and Delivery advised that the Council had received a letter from Leicestershire County Council (LCC) in response to the report, emphasising concerns about the Masterplan and requesting that consideration of this be deferred, to enable engagement with LCC and other stakeholders who had not been involved in the work to date.

Mr. Worley advised that although the Council did not agree with all the points raised by LCC, it did welcome collaboration with stakeholders, which had been sought when work on the Masterplan started. Developers of the parcel of land outside the planned boundary had confirmed that they were satisfied with the Council's work and had no desire to be involved in a future Masterplan.

Mr. Worley asked that Cabinet defer consideration of the Masterplan to a future meeting.

Councillor Joe Orson, Leader of the Council thanked officers for their work on the Masterplan, noting the challenges to progress and the engagement with developers and consultants to date. The Masterplan was a key part of the Local Plan and linked in with work undertaken on the Southern Masterplan. The collaborative work undertaken on the Southern Masterplan needed to be replicated on the Northern Masterplan and all stakeholders should commit to this. Construction of the Melton Mowbray Distributor Road was key to development of all sites north, south and

elsewhere in the town and the work undertaken with LCC could not be underestimated.

Councillor Orson noted the positive response received from developers outside the planned boundary, which was a testament to the excellent work undertaken with the private sector.

Councillor Orson added that the deferral would enable the Council to engage with LCC and consider suggestions from Members, such as that from Councillor Glancy, concerning the buffer zone around the country Park.

Cabinet **DEFERRED** consideration of the Melton North Sustainable Masterplan to a future meeting, to enable further collaboration and engagement with stakeholders.

Councillor Joe Orson, Leader of the Council paid tribute to Adele Wylie, Director for Governance and Regulatory Services who was leaving the Council to take up a new role at North Northamptonshire Council.

Mrs. Wylie's excellent work at the Council was noted and Members thanked her for her contribution to the Council.

The meeting closed at: 5.05 pm

Chair