Public Document Pack

Agenda

Meeting name	**Meeting of the Cabinet**
Date	**Wednesday, 17 March 2021**
Start time	**4.00 pm**
Venue	**This meeting will be held remotely - details below**
Other information	**This meeting is open to the public**

Members of the Cabinet are invited to attend the above meeting to consider the following items of business.

Edd de Coverly
Chief Executive

Membership

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

Quorum: 3 Councillors

Meeting enquiries	Democratic Services
Email	democracy@melton.gov.uk
Agenda despatched	Tuesday, 9 March 2021

No.	Item	Page No.
	REMOTE MEETING JOINING INSTRUCTIONS Remote meeting arrangements Meeting Participants: Zoom video conferencing webinar: An invitation will be sent to Members for this meeting. Public Access: YouTube The meeting will be available to view here.	
1.	**APOLOGIES FOR ABSENCE**	
2.	**MINUTES** To confirm the minutes of the meeting held on 9 February 2021.	1 - 14
3.	**DECLARATIONS OF INTEREST** Members to declare any interest as appropriate in respect of items to be considered at this meeting.	15 - 16
4.	**MATTERS REFERRED FROM SCRUTINY COMMITTEE IN ACCORDANCE WITH SCRUTINY PROCEDURE RULES** No items have been referred from Scrutiny Committee in accordance with the Scrutiny Procedure Rules.	
5.	**STRATEGIC RISK REGISTER - 6 MONTH REVIEW** The Leader of the Council to submit a report outlining the current strategic risks which have been identified and assessed on the recent review of the Council's Strategic Risk Register by the Senior Leadership Team.	17 - 30
6.	**ECONOMIC RECOVERY SUPPORT PROGRAMME** The Portfolio Holder for Growth and Prosperity (Deputy Leader) to submit a report introducing the Economic Recovery Programme for Melton. The report proposes a comprehensive package to support the local economy as it recovers from the Coronavirus pandemic.	31 - 44
7.	**UPDATE ON WORK TO SUPPORT LEICESTERSHIRE COUNTY COUNCIL SECURE THE HOUSING INFRASTRUCTURE FUND** The Leader of the Council to submit a report updating on work undertaken to support Leicestershire County Council secure the Housing Infrastructure Fund. To follow.	

8.	**DEVELOPER CONTRIBUTIONS SUPPLEMENTARY PLANNING DOCUMENT** The Portfolio Holder for Growth and Prosperity (Deputy Leader) to submit a report setting out Melton Borough Council's approach to seeking Section 106 planning obligations and providing guidance to Policy IN3 of the adopted Melton Local Plan. To follow.	
	EXCLUSION OF THE PUBLIC **RECOMMENDED that the Public be excluded 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 and 5.**	
9.	**AWARD OF LEISURE CONTRACT EXTENSION** The Portfolio Holder for Housing and Communities to submit a report confirming the proposed terms of the contract extensions, resulting from negotiations and recommending the extension of the contracts.	45 - 58

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Minutes

Meeting name	**Cabinet**
Date	**Tuesday, 9 February 2021**
Start time	**4.00 pm**
Venue	**This meeting was held remotely**

Present:

Chair Councillor J. Orson (Chair)

Councillors L. Higgins (Vice-Chair) A. Freer-Jones
A. Pearson

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

Minute No.	Minute
149	**APOLOGIES FOR ABSENCE** Apologies for absence were received from Councillor de Burle.
150	**MINUTES** The minutes of the meeting held on 20 January 2021 were confirmed and authorised to be signed by the Chair.
151	**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.
	LEADERS STATEMENT On Friday, 5 February 2021, Leicestershire County Council's Cabinet considered an urgent report, which sought authority for the disposal of a parcel of land at Lake Terrace, Melton Mowbray. Whilst there should be nothing remarkable about such a report, Melton Borough Council was concerned about the content and discussion which took place. The report set out a number of assertions, regarding the mechanism by which this Cabinet took a decision to dispose of land at its meeting held on 20 January 2021, specifically questioning the value of the deal secured and the level of engagement with the County Council. Melton Borough Council has negotiated a commercial deal, generating a capital receipt in accordance with the industry standard methodology and based on a valuation undertaken by our Royal Institute of Chartered Surveyors qualified surveyor. The deal has created the potential for significant wider benefits to be secured including 90 affordable homes, a sizeable s106 contribution towards infrastructure and £150k investment into access road improvements. Melton Borough Council's commercial interests are protected should any further development proceed. The deal has no direct impact on the County Council's commercial interest and they are free to negotiate directly with the developer themselves. The County Council's critique of our deal was based on an approximate figure reported in the media and did not refer to the wider benefits. The County Council became aware of its land interest in the site in March 2019 and had been repeatedly engaged in the planning process over the last 2 years. Given the County Council had only considered partial information, Melton Borough Council was unclear on how the County Council could form a reasonable view of the deal, nor does it understand how the County Council could be unaware of its own interest in the site. This is ultimately a matter for the County Council.

152	**MATTERS REFERRED FROM SCRUTINY COMMITTEE IN ACCORDANCE WITH SCRUTINY PROCEDURE RULES** Scrutiny's Response to Budget Proposals. Councillor Pat Cumbers, Chair of Scrutiny Committee introduced the Committee's report, the purpose of which was to provide feedback to Cabinet on the Budget and Medium Term Financial Strategy. Councillor Cumbers highlighted that Councillors had used the Scrutiny Budget meeting, held on 27 January to engage with the Council's budget proposals and financial status. A healthy financial position was vital to the delivery of Council services. Councillor Cumbers thanked the Director for Corporate Services, her team, and the Portfolio Holder for Corporate Finance and Resources, noting the considerable work undertaken on financial matters and in preparing the budget. The Leader thanked Councillor Cumbers and Scrutiny Committee Members for their contribution to the Council's budget proposals, noting that generally, there was consensus with Cabinet on this. The response from Cabinet had been published as an addendum to the Cabinet Agenda. He thanked the Director for Corporate Services and her team for their work, noting that many conflicting demands were placed on them.
153	**CAPITAL PROGRAMME 2020-2025 - GENERAL FUND AND HOUSING REVENUE ACCOUNT AND CAPITAL STRATEGY 2021-22** Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to determine the General Fund and Housing Revenue Account (HRA) Capital Programme for 2020-25, provide information on the forecast outturn position for 2020-21 and provide an updated version of the Capital Strategy 2021-22. Mrs. Garton advised that the Capital Strategy sets out forward capital projections over the medium term and strategic aspirations, which must be considered by the council alongside the budget and associated reports. It linked to the Treasury Management Strategy and to the revenue budgets elsewhere on the agenda for this meeting. Mrs. Garton highlighted that the proposed General Fund Capital Programme was modest, which was reflective of the need to update asset management plans, including stock condition surveys (key actions set out in the Strategy). Future resources available to support further capital aspirations would be influenced by the Asset Development Programme and the availability of capital receipts in future. Mrs. Garton highlighted that the proposed HRA Capital Programme was in line with the Interim HRA Business Plan (approved in February 2020) and linked to the Housing Improvement Plan, to ensure sufficient capital resources were available to meet the actions required. An update on spend in the current year's programme

was also included in the report.

Councillor Joe Orson, Leader of the Council commented that whilst a modest programme for the General Fund, there was a good balance of projects (with expenditure on IT, recognising the need to keep IT infrastructure up to date). The programme included the necessary investment required to continue the benefits of remote meetings and the broadcast of these to the web, whilst enabling this to continue upon return to the Council offices and to support hybrid meetings.

Councillor Orson noted that there was provision to use some business grants funding to support diversification of businesses in rural areas and despite modest resources, the Council had funded improvements to the footbridge at the Country Park (work which Councillors and the community had supported).

Councillor Orson advised that the HRA proposals continued the good work, which had been achieved following the approval of the Housing Improvement Programme last year.

During discussion the following points were noted:

- Members thanked the Director for Corporate Services, her team and the Portfolio Holder for Corporate Finance and Resources for their work.
- Inclusion of the Melton Country Park Bridgeworks project had been championed and lobbied for by Councillors Glancy, Lumley, Posnett and Wilkinson.
- The Rural Pubs Scheme had modified (during the Covid-19 pandemic) into a wider business diversification grant (Rural Diversification Business Grants). This helped communities and pubs in rural areas to continue and to thrive and also aimed to improve rural tourism.
- Members welcomed the inclusion of the Conversion of Electric Storage Heaters programme, noting that this was supported and eagerly anticipated by residents.
- The Council Chamber audio-visual equipment and replacement of the Content Management System (CMS) website programmes were welcomed by Members, who noted that these support community engagement and promote efficient communication.

DECISIONS (NON-KEY)

Cabinet **RECOMMENDED** to Council approval of:

i. The General Fund Capital Programme for 2020-25;
ii. The sources of funding for the General Fund Capital Programme for 2021/22;
iii. The HRA Capital Programme for 2020-25;
iv. The sources of funding for the HRA Capital Programme;
v. Delegated authority to the Director for Corporate Services to amend the amount in the Capital Programme for Disabled Facilities Grants once funding confirmation had been received;

vi. Spend on the Council Chamber Audit Visual Equipment Capital Scheme be incurred in 2020/21, if officers are able to commence the project earlier;

vii. The Capital Strategy 2021-22;

Reason for the decision

Approving the capital programme will support the Council in delivering its commitment to manage its assets effectively and to ensure the benefits from them are maximised for the benefits of the Council and community as a whole. This Capital plans will support the effective delivery of these ambitions and will ensure appropriate levels of capital expenditure and investment are in place to meet Corporate priorities and objectives whilst ensuring that plans are affordable, prudent and sustainable.

The Capital Programme for 2020-25 for the General Fund is attached at Appendix A and HRA at Appendix D. The Programme gives the total cost of each scheme, the spending profile, the amounts authorised to be spent and the stage each scheme has reached within the Capital Programme.

154 **REVENUE BUDGET PROPOSALS 2021-22 - HOUSING REVENUE ACCOUNT**

Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to update Members on the financial position of the Housing Revenue Account (HRA), set the rents of Council dwellings (being an average of 1.49%, in line with the Government's policy of Consumer Prices Index plus 1%) approve the HRA budget estimates for 2021-22 and set the working balance for 2021-22.

Mrs. Garton advised that the current year showed a forecast underspend, due to vacant posts and delays to repairs and maintenance projects (which would be carried forward into the next financial year to enable the works to proceed). This underspend was offset by reduced income, due to the proposed service charges not being implemented this financial year and reduced voids income.

Mrs. Garton highlighted the new service charge elements for Health & Safety works and Grounds Maintenance works, in line with the Rent and Service Charge Policy. The working balance was maintained at £750k (as previously approved) with additional spending, in line with the Housing Improvement Programme (HIP) being met form reserves. The projected reserves were set out at paragraph 5.7 of the report and there were currently no concerns regarding the level of reserves. However, this would be re-assessed as stock condition surveys were undertaken and the resulting financial implications were assessed and fed into the updated 30 year business plan.

Councillor Joe Orson, Leader of the Council highlighted that the HRA was a ring-fenced landlord account, which recorded certain defined transactions. The Council had a duty to maintain the HRA in accordance with accounting practices and to produce and publish the annual budget. He noted the estimated year end position for the current financial year, as detailed at paragraph 5.1 of the report.

During discussion the following points were noted:

- The Council's effective and transparent engagement with the Tenants Forum Executive Committee (TFEC) had been vital in gaining feedback from tenants on the Council's Housing service.
- The work of the Housing Improvement Board had been essential to delivering improvements in the Housing service.
- Members noted the good work undertaken by the Chief Executive and the Director for Housing and Communities, which had resulted in significant improvements in Housing service.
- Members thanked the Leader for his work to implement and Chair the Housing Improvement Board and Councillor Pearson for his continuous work.
- Members thanked TFEC for their engagement and feedback.
- Capital works, such as the repair and maintenance of windows and bathrooms etc. had been delayed due to Covid-19 but works would be undertaken as soon as possible.
- Periodic (every 5 years) review of the 30 year business plan was noted.
- The Council would need to focus on the energy efficiency of its housing stock, which would result in work such as replacing boilers etc.
- Providing good quality social housing was a core Council priority. Affordable housing helped people to reduce housing and fuel costs, resulting in more disposable income to spend in the local economy.
- Concerning the average rent increase of 1.49%. Members noted that this represented the Council's second rent increase and that it had previously made rent reductions over a 4 year period.
- The Council was committed to the work yet to be undertaken, to fully deliver its aims and aspirations tenants.

DECISIONS (NON-KEY)

Cabinet:

1) **NOTED** the new service charge elements for Health & Safety works and Grounds Maintenance works in line with the Rent and Service Charge Policy;

2) **RECOMMENDED** to Council that:
   i. The budget estimates for 2021-22 be approved;
   ii. An average rent increase of 1.49% for all Council dwellings for 2021-22 be approved with effect from 1 April 2021;
   iii. The working balance is maintained at the approved minimum balance of £750,000 and any residual amounts be transferred to the Regeneration & Development Reserve as approved in February 2020 for the current year.

<u>Reason for the decisions</u>
The Local Government and Housing Act 1989 requires the Council to produce and

	publish an annual budget, including the setting of rents, for the HRA which avoids a deficit. It is a requirement that this be scrutinised prior to its submission which falls within the Cabinet's remit.
155	**GENERAL FUND REVENUE BUDGET 2021-22 AND MEDIUM TERM FINANCIAL STRATEGY 2021/22-2024/25** Dawn Garton, Director for Corporate Services introduced the report on the Revenue Budget for 2020/21 including the proposed level of council tax for borough council purposes and the Medium Term Financial Strategy (MTFS) 2021/25. Mrs. Garton highlighted that: • Estimated year end position 2020/21 - the finances for the current year had been extremely challenging due to the impact of the pandemic but had become easier to manage as clarity had emerged over the level of Government support. However savings had to be made, particularly in the early party of the financial year, in order to avoid a draw on reserves. A surplus of £206k for General Expenses and £4k for Special Expenses Melton Mowbray was forecasted and this underspend provided flexibility to deal with ongoing costs and resources for Covid-19 response and recovery and support needed in key areas where additional resources may now be required to maintain momentum and also deal with any backlog of work. • Finance Settlement - the final settlement had been published (for debate in Parliament tomorrow) and was in line with the provisional settlement. No changes to the estimates were required as a result. The referendum limit remained at the higher of £5 or 2% and a £5 overall increase was proposed. The settlement saw additional resources made available to deal with the ongoing impact of Covid-19 and these were welcomed. However, there remained much uncertainty regarding the future funding of local government, which impacted on future financial forecasts. • Budget 2021/22 - The proposed budget was in line with the Corporate Strategy (approved in September 2020). Assumptions had been made concerning the ongoing impact of Covid-19 on expenditure and on income streams, when they were likely to return to pre Covid-19 levels and the level of government support. A contingency had been set aside to accommodate unexpected Covid-19 related expenditure and lost income not contained in the budget. A number of growth and savings proposals for General Expenses were proposed at paragraph 4.4.3 of the report and these were further detailed in Appendix B and incorporated into the budget and MTFS, as detailed in Appendix A. The MTFS had forecast deficits for the next 3 years but these could change significantly depending on the outstanding local authority funding review. A Financial Sustainability Programme would be initiated following the budget to consider a range of areas where efficiencies could be made or income generated in sufficient time to inform the 2022/23 budget at an early stage.

The reserves position had stabilised with a balanced budget being set for 2020/21 and proposed for 2021/22. On the basis of all available information, the robustness of the estimates and the adequacy of the reserves was satisfactory.

Councillor Joe Orson, Leader of the Council reiterated that it had been an extremely challenging year for the Council's finances. The Council had made much progress since the start of the pandemic and since its first draft budget in November 2020. Through hard work, innovative thinking, the additional support the Government had provided through the spending review and the settlement, the Council had achieved a balanced budget, with some contingency for unforeseen Covid-19 costs.

Councillor Orson highlighted that despite the need for caution, the Council had provided some growth in areas of priority (community support, town centre investment etc.) This had been a tremendous achievement. The Council's financial future remained uncertain and the work on the financial sustainability programme would ensure adequate planning and preparation was undertaken. Government support from 2022/23 onwards was unknown and businesses and the community would need support as Melton moved from response to recovery. The necessary finances needed to be in place to provide this support.

During discussion the following points were noted:

- Members thanked the Director for Corporate Services and her team for their considerable work.
- Regard must be given to the comments of the Director for Corporate Services, as the Council's Section 151 Officer.
- Members noted the work undertaken by the Council to support the community during the pandemic.
- The Council would consider how it could promote Melton's recovery, encouraging use of its industrial units, the town centre and leisure centres etc.

DECISIONS (NON-KEY)

Cabinet:

1) **NOTED** the year end forecast and financial position for the General Fund and Special Expenses for 2020/21;

2) **DELEGATED** authority to the Director for Corporate Services to make any amendments necessary to the estimates prior to their submission to Council for approval, as a result of changes to the final finance settlement over the provisional and as a result of the final NNDR 1 form used to calculate retained business rates;

3) **RECOMMENDED** to Council, subject to any amendment arising from the final finance settlement that:
   i. The proposals for General Expenses and Special Expenses Melton Mowbray be approved for inclusion in the 2021/22 budget resulting in the estimates;
   ii. Delegated authority be given to the Director for Corporate Services to release the funding for the growth items for town centre improvements, place survey and discretionary council tax support subject to conditions;
   iii. The revenue budget for 2021/22 for General and Special Expenses be approved, resulting in an overall council tax increase of £5;
   iv. Any increase or shortfall against the target working balance on General Expenses at 31 March 2021 be transferred to/from the Corporate Priorities Reserve and for Special Expenses Melton Mowbray any surplus/deficit be transferred to/from the Special Expenses Reserve, thereby bringing the actual balance back to the target;
   v. Members note the changes made to the risk categorisation of budgets.

<u>Reason for the decisions</u>
The Council, having set a 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.

To propose to Council a General Fund budget and level of council tax for the 2021/22 financial year which takes into account the proposals set out in the approved Corporate Strategy. The proposals take into account the net expenditure that the Council expects to spend in the next financial year to deliver services to our customers. The report also includes recognition of efficiencies secured and details of the funding and income received to support these services to ensure a balanced budget is proposed.

The Council also holds a number of reserves which can be drawn upon to fund future expenses. The level of reserves is considered within this report, as is the future outlook for spending in the years ahead in order for the Council's future financial resilience to be considered as part of the proposals.

Cabinet and Council are required to consider and approve the General Fund Revenue Account budget proposals in order to set the budget and council tax for the forthcoming financial year.

156 **TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2021/22**

Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to outline the Council's prudential indicators for 2021/22 – 2023/24 and set out the expected treasury operations for this period.

Mrs. Garton advised that this linked to the Capital Strategy and capital proposals presented to Members at this meeting. The indicators contained within the report were split between the General Fund and the Housing Revenue Account (HRA).

Councillor Joe Orson, Leader of the Council commented that the various indicators and supporting narrative demonstrated how well the Council managed its finances in a prudent and measured way. They show how cash-flow was managed to good effect and how well investments and borrowing were managed in a challenging environment.

During discussion the following points were noted:

- Members noted the work of the Director for Corporate Services, her team and the Portfolio for Corporate Finances and Resources, commenting that the plan was robust.

DECISIONS (NON-KEY)

Cabinet:

1) **RECOMMENDED** to Council the prudential indicators and limits be adopted and approved;

2) **RECOMMENDED** to Council the Treasury Management Strategy;

3) **RECOMMENDED** to Council the Minimum Revenue Provision (MRP) Statement which set out the Council's policy on MRP be approved;

4) **NOTED** the linkages to the Capital Strategy due to the integral nature of how the Council manages its treasury finances to support capital development.

Reason for the decisions
The Treasury Management Code requires the Council to approve annually a Treasury Management Strategy and to provide a mid-year update on Treasury Management activities to the Council. It is a requirement that Treasury Management is scrutinised during the year 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 a minimum number of prudential indicators.

157 **APPROVAL OF THE COMMUNITY SAFETY PARTNERSHIP STRATEGIC PLAN**

Andrew Cotton, Director for Housing and Communities introduced the report, the purpose of which was to seek approval to adopt the proposed Community Safety Strategy 2021-23, provide an overview of the issues impacting on communities across the borough and set out how the Council and partner agencies seek to resolve long standing issues.

Mr. Cotton advised that the Strategy set high level priorities and the approach of the Community Safety Partnership in working together to meet the needs of the community, in relation to crime and anti-social behaviour. The Strategy sought to bring partner agencies together with a unified approach and these agencies were detailed at paragraph 4.3 of the report (delivery would involve additional agencies, including the voluntary sector).

Mr. Cotton highlighted that adoption of the Strategy would place a greater emphasis on engagement with communities to understand the needs of residents and also progress proactive and preventative work. Key areas of focus for the Strategy were detailed at paragraphs 5.5 to 5.11 of the report.

Mr. Cotton confirmed that the Strategy had been developed in consultation with the public and other stakeholders and agreed with the Community Safety Partnership. If adopted, a community safety action plan would be developed to identify specific actions and areas of focus and progress would be reported to Scrutiny Committee annually.

Councillor Alan Pearson, Portfolio Holder for Housing and Communities commented that much work was being undertaken on community safety, with a focus on issues relevant to Melton and linking to county and national work. Domestic violence had been identified as an area of concern and the Council had entered into the Perpetrator Programme to focus action to tackle this. It was crucial to challenge crime and anti-social behaviour and the Council was doing a great deal of preventative work.

During discussion the following points were noted:

- Members thanks the Director for Housing and Communities, his team and Councillor Pearson for their work.
- Members were pleased with the work undertaken by the Council as part of the Community Safety Partnership.
- Crime had a huge impact on the victim and on the community.
- Promoting community safety was important to the public.
- Domestic violence had increased and it was important to encourage victims to report this crime and ensure their safety.

DECISIONS (NON-KEY)

Cabinet:

1) **NOTED** the report and the ongoing contribution of the Community Safety Partnership to ASB issues across the borough and the direction of travel for the Community Safety Partnership;

2) **RECOMMENDED** to Council that the proposed Community Safety Strategy 2021-24 be approved.

	<u>Reason for the decisions</u> *The Council's Corporate Strategy 2020-24 commits to two key priorities which impact upon the Community Safety Strategy:* • *Excellent services impacting positively on our communities (Priority one);* • *Connected and led by our community (Priority six)* *The strategy seeks to enable the Council and partner agencies to be able to deliver community focused services in an efficient and effective manner, meeting the needs of our diverse and complex communities.* *Section 6 of the Crime and Disorder Act 1998 sets out the requirement for responsible agencies, including Melton Borough Council, to work together in formulating and implementing a strategy to tackle crime and disorder in the area.* *Additionally, the Crime and Disorder (Formulation and Implementation of Strategy) (Amendment) Regulations 2012 set out the requirement for Community Safety Partnerships to share such strategies with the Office of the Police and Crime Commissioner and for these to be reviewed on an annual basis.* *The proposed strategy will replace the existing strategy (2017-20) with a greater focus on services understanding the needs of communities, and seeking to facilitate change from within the community as opposed to externally facilitated service delivery.* *The strategy will also seek to build on the operational focus of the previous strategy (2017-20) by allowing communities to see the services provided by the partnership as part of the fabric of the community where underlying causes of demand and vulnerability can be addressed.* *The strategy also seeks to cement the relationship of partner organisations under one defining approach to service delivery, one of localised services with a strong engagement philosophy.*
158	**ALLOCATION OF COMMUNITY GRANTS** Andrew Cotton, Director for Housing and Communities introduced the report, the purpose of which was to seek approval for the award of the Community Grants budget for the financial year 2021/22, subject to the approval of the 2021/22 budget. Mr. Cotton advised that community groups and voluntary organisations had been invited to apply for grants and the criteria for award had been set by the Policy (adopted in October 2019). The application and assessment process was detailed at paragraphs 5.1 to 5.4 of the report and a wide range of organisations benefited from the awards, which totalled over £44k. Councillor Alison Freer-Jones, Portfolio Holder for Climate, Access and Engagement highlighted that these grants directly impacted community organisations and their work in the Borough. Applications had been reviewed by a

Panel (the Leisure, Culture and People Manager, the Community Policy Officer and herself) and the process was fair, transparent and involved the consideration of Scrutiny Committee. The 3 unsuccessful applicants and those part funded had been offered further help, support and guidance and the Council undertake additional work with community groups to promote services and support for the public.

During discussion the following points were noted:

- Members thanked Councillor Freer-Jones and Panel members for their work.
- Members were pleased that the unsuccessful applicants had received an offer of support and guidance.
- Members noted that best value was a consideration of the Panel when reviewing applications.

DECISIONS (KEY DECISION)

Cabinet:

1) **APPROVED** the award of Community Grants, subject to the approval of the 2021/22 budget;

2) **APPROVED** the use of the remaining £3,186 from 2020/21 budget;

3) **DELEGATED** authority to the Director for Housing and Communities to approve in-year small grants awards, in consultation with the Portfolio Holder, for the remaining budget during 2021/22.

Reason for the decision
Each year, the Council ensures a budget is available for community groups and voluntary agencies to bid for. The grants support the corporate theme of “Helping People” and the Council’s role both as supporter and facilitator of community-based activities. The allocation of the grants is important in supporting activities that benefit the residents of the Borough, and bring positive social value.

The allocation of the grants has been made following a robust, clear and transparent assessment panel in line with the approved Community Grants Policy.

The meeting closed at: 5.10 pm

Chair

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Advice on Members' Interests

PERSONAL AND NON-PECUNIARY INTERESTS
If the issue being discussed affects you, your family or a close associate more than other people in the area, you have a personal and non-pecuniary interest. You also have a personal interest if the issue relates to an interest you must register under paragraph 9 of the Members' Code of Conduct.

You must state that you have a personal and non-pecuniary interest and the nature of your interest. You may stay, take part and vote in the meeting.

PERSONAL AND PECUNIARY INTERESTS
If a member of the public, who knows all the relevant facts, would view your personal interest in the issue being discussed to be so great that it is likely to prejudice your judgement of the public interest and it affects your or the other person or bodies' financial position or relates to any approval, consent, licence, permission or registration then **you must state that you have a pecuniary interest, the nature of the interest and you must leave the room*.** You must not seek improperly to influence a decision on that matter unless you have previously obtained a dispensation from the Authority's Audit and Standards Committee.

DISCLOSABLE PECUNIARY INTERESTS AND OTHER INTERESTS
If you are present at any meeting of the Council and you have a disclosable pecuniary interest in any matter to be considered or being considered at the meeting, if the interest is not already registered, you must disclose the interest to the meeting. You must not participate in the discussion or the vote and you must leave the room.

You may not attend a meeting or stay in the room as either an Observer Councillor or *Ward Councillor or as a member of the public if you have a pecuniary or disclosable pecuniary interest*.

BIAS
If you have been involved in an issue in such a manner or to such an extent that the public are likely to perceive you to be biased in your judgement of the public interest (bias) then you should not take part in the decision-making process; you should leave the room. **You should state that your position in this matter prohibits you from taking part.** You may request permission of the Chair to address the meeting prior to leaving the room. The Chair will need to assess whether you have a useful contribution to make or whether complying with this request would prejudice the proceedings. A personal, pecuniary or disclosable pecuniary interest will take precedence over bias.

In each case above, you should make your declaration at the beginning of the meeting or as soon as you are aware of the issue being discussed.*

*There are some exceptions – please refer to paragraphs 3.12(2) and 3.12(3) of the Code of Conduct

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Melton Borough Council

Helping people | Shaping places

Cabinet

17 March 2021

Report of: Councillor Joe Orson - Leader of the Council

Strategic Risk Management Update 2020/21

Corporate Priority:	Ensuring the right conditions to support delivery (inward)
Relevant Ward Member(s):	N/A
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No Not key decision

1 Summary

1.1 It is important that Cabinet are aware of the key strategic risks that face the Council and have ownership of the risk management arrangements in place and the activities that are being undertaken to mitigate those risks.

1.2 Risk Management forms part of the Audit and Standards committee terms of reference and have formal responsibility for overseeing the Risk Management arrangements for the Council.

1.3 This report outlines the current strategic risks that have been identified and assessed on the recent review of the Council's strategic risk register by the Senior Leadership Team.

2 Recommendation

That Cabinet:

2.1 **Note the content of the report and the updated Strategic Risk Register and associated risk management action plan, as attached at Appendix A.**

3 Reason for Recommendations

3.1 One of the key areas for Cabinet, as part of its terms of reference, is to have awareness of the strategic risks that could impact on the Council and to review the risk management arrangements in place and the activities that are being undertaken to mitigate those risks.

4 Background

4.1 The Strategic Risk Register captures the current significant risks and outlines mitigating actions. Members of the Audit and Standards Committee last reviewed this in September 2020 as part of the Risk Management Annual report.

4.2 The council also maintains directorate risk registers to help manage those risks that are more service specific to support and manage service delivery. These are reviewed by directors and managers regularly as well as the Senior Leadership team to help inform any discussions around risks that may need to be escalated to the strategic risk register. Risks will be monitored at both a directorate and corporate level and then may move on the scoring matrix or between the different risk registers depending on level of risk or concern at the time. For example the MMDR at the time of reviewing the register was seen as a reduced risk to the previous review which was reflected in the scoring in appendix A. However, it is recognised risks are dynamic and can change depending on the latest information and actions taken and therefore are kept under review and mitigation modified accordingly.

4.3 Project risks are also managed through the council's project management framework with risk registers maintained for high profile projects which are regularly reviewed through project teams and programme boards.

4.4 We are also currently reviewing the Performance and Risk Framework as part of the continuing efforts to strengthen corporate governance.

5 Main Considerations

5.1 A copy of the Strategic Risk Register is attached as Appendix A. This consists of a Risk Matrix which plots the risks being managed at this level along with the actual register itself which includes the current and target risk score, along with further details for each risk such as potential consequences, the controls in place and any action required. Members will note there are currently 14 risks being monitored at this level – 3 high risks, 9 medium risks and 2 low risks. In summary these are:

- Failure to Secure financial stability in the medium term
- Future Provision of ICT services following end of current outsourced contract
- Failure to deliver MMDR (in full or in part) and the financial and legal impacts on Melton Borough Council arising from any agreement with the County Council which seeks to support delivery.
- Financial pressures undermining partnerships (integrated working)
- Failure of a key supplier e.g. Housing Repairs, Waste and Leisure
- Failure to maintain Governance Framework

- Failure to have contractual provisions in place for goods, works and services procured by the Council
- Failure of the Housing Revenue Account Business Plan
- General Data Protection Regulation (GDPR) compliance
- Council unable to manage impact of Coronavirus (Covid-19) on council services
- Impact of Coronavirus (Covid-19) on the business and communities of Melton
- Instability and diversion of focus away from the Corporate Strategy created by the Devolution and Local Government Reorganisation debate
- ICT Security Breaches
- Running a Covid-Safe Election

5.2 Summarised in the table below are the main risks that we would like to draw members attention to, based on the current risk score, changes to previous scoring or new risks that have been identified:

RISK	RATING	SCORE	MITIGATING ACTION/CHANGE
Failure to Secure financial stability in the medium term	High	24 ↔	• Consider further Savings and efficiency options as part of financial sustainability programme. • Prioritise spending plans that will generate savings in return. Consider options for reducing failure demand e.g. prevention and demand reduction through service redesign. • Continue to lobby government and other groups to ensure fair funding of covid and ongoing funding. Since the last meeting the risks around financial sustainability haven't changed. Whilst consultation has commenced on the potential replacement for the New Homes Bonus scheme it is unlikely this will result in any significant increases in resources. The delay in the fair funding review continues. The ongoing impact of Covid on business rates is unknown at this stage with some businesses likely to discontinue, increases in appeals against rates payable and the potential for claims for material change in circumstances.
Impact of Coronavirus (Covid-19) on the business and communities of Melton	High	18 ↔	• Recovery structures in place to assess impacts and identify appropriate resources required. • The Council is developing a policy to utilise the Additional Restrictions Grant to support businesses during 2021/22 and as part of the recovery. • The current budget proposals incorporate additional expenditure

			to support the town centre and enable development of a new, post-Covid, Town Centre Strategy and masterplan, as well as grants to support business diversification. • Continued involvement, leadership and engagement within the LRF and support to local partners and businesses as required. This risk area continues to be closely monitored as part of the Council's ongoing response to the Covid crisis. Support for business and the community is a key part of the recovery plan for Melton.
Failure of the Housing Revenue Account Business Plan	High	16 New (consolidated) Risk	• This is managed as a key corporate priority with appropriate levels of resources being allocated through the Housing Improvement Plan. • Regular monitoring of the Housing Improvement Plan for the compliance and quality of housing stock is managed through multiple governance structures such as board meetings, operational meetings which have senior leadership oversight. This is a new, consolidated risk to reflect the next phase of developing the HRA roadmap for improvement following on from the previous risk around the council housing stock not being compliant with property health and safety standards. Whilst further work to address long term legacy issue and housing quality is required, the council has addressed the significant risks regarding compliance within its housing stock and can now focus on the longer term stock condition and decent homes improvement through the HRA business plan development.
Non-compliance with General Data Protection Rules, records not being up to date, personal data being held on systems which is incorrect, lack of consistent data	Medium	12 Reduction - Previous Score (15) ↓	• Information Asset Register to be reviewed by managers on an annual basis. • Information champions to be established. • Look at resources to provide more support for the control of data and recording of data held. The Data compliance and management risk was added previously due to concerns around record management.

keeping			This has started to be addressed with the upgrade to our IT systems to improve the data management within the council, especially within the housing function.
Running a Covid Safe Election	Medium	12 New risk	• Development of project plans and risk registers to support delivery. • Use of experienced elections team and development of core project team to ensure resilience. • Ongoing review and consideration of special mitigations required in a pandemic. This is a new risk added following the Governments recent announcement that the May elections will continue. The core elections project team has been set up and work commenced already on preparations.
Potential for ICT security Breaches	Medium	12 New risk	• Additional Cyber security appliances to reduce the likelihood of successful intrusion and unusual behaviour. • Network Access Control to secure the network from unauthorised devices, Privilege Access Management to mitigate internal threats. Whilst previously managed at a service level this a new risk at the strategic level to reflect the increasing occurrence nationally or Data loss or inability to deliver systems and services from internal or external ICT Security breaches. This allows corporate oversight of this risk.

5.3 In terms of other key points to note in addition to the table above where there have been changes:

- There was a risk around the council housing stock not being compliant with property health and safety standards. Significant work has been undertaken to address the concerns and issues which the council is managed effectively and therefore this risk can be manged within the housing function at a directorate level.
- There was a risk around the impact of United Kingdom withdrawal from the European Union which hasn't materialised due to a deal now being in place with the EU and it has therefore been removed from the strategic risk register.
- In regards to the risk around failure to maintain a good governance framework, this has reduced from 9 down to 6 as a result of the work undertaken over the past 6 months and is now sitting as a low risk. This would normally be removed from the strategic risk register and be managed at a service level, however due to the strategic importance of

this it is considered this should remain on the strategic risk register until the next review to maintain corporate oversight.

- The other risk scores have remained the same as a number of actions are still being worked through and have a longer timeline for implementation of mitigating actions

5.4 As referred to in para 4.2 the council also maintains directorate risk registers to help manage those risks that are more service specific to support and manage service delivery. Some of the directorate risks that are being managed within services for example are:

- Delivery of the asset development programme
- Addressing the climate change agenda
- Resource levels within teams to deliver services
- Delivery of key projects with directorates
- Management of key contracts such as repairs and waste
- Fraud and corruption

6 Options Considered

6.1 An alternative option is that Cabinet do not review the Strategic Risk Register. This is not considered a viable alternative as it is essential that Cabinet have strategic oversight of the organisation.

7 Consultation

7.1 Consultation has been undertaken with the Chair of the Audit and Standards Committee.

8 Next Steps – Implementation and Communication

8.1 None – The Council will continue to monitor and update the Strategic Risk Register as appropriate and will report back to members later in the year with a further update.

9 Financial Implications

9.1 There are financial implications from poor Risk Management however, with robust procedures these should be minimised or eradicated.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

10.1 The Accounts and Audit Regulations 2015 Part 2 Section 3A(c) require the Council to have in place a ‘sound system of internal control which includes effective arrangements for the management of risk’.

10.2 Failure to adequately address Legal issues arising from any activity of the Council increases risk. Officers endeavour to ensure Members are adequately advised and projects properly implemented to ensure that Legal requirements are met.

Legal Implications reviewed by: Assistant Director for Governance & Democracy

11 Equality and Safeguarding Implications

11.1 There are no direct equality or safeguarding issues arising from this report

12 Community Safety Implications

12.1 There are no direct links to community safety arising from this report

13 Environmental and Climate Change Implications

13.1 There are no direct environmental or climate change implications arising from this report

14 Other Implications (where significant)

14.1 There are no other implications arising from this report

15 Risk & Mitigation

15.1 All risks are outlined in the risk register in Appendix A

16 Background Papers

16.1 None

17 Appendices

17.1 Appendix A – Strategic Risk Register March 2021

Report Author:	**David Scott**, Corporate Services Manager
Report Author Contact Details:	01664 502448 dscott@melton.gov.uk
Chief Officer Responsible:	**Dawn Garton**, Director for Corporate Services
Chief Officer Contact Details:	01664 502444 DGarton@melton.gov.uk

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APPENDIX A

Melton Borough Council

Risk Register

Likelihood	Impact 1	Impact 2	Impact 3	Impact 4
6				1
5		4	11	
4			2,5,9,14	8
3		6	3,7,10	13
2			12	
1				

Risk Ref	Risk Description	Current Risk Rating	Target Risk Rating
1	Failure to secure financial stability in the medium term	24	12
2	Future Provision of ICT services following end of current outsourced contract	12	9
3	Failure to deliver MMDR (in full or in part) and the financial and legal impacts on Melton Borough Council arising from any	9	3
4	Financial pressures undermining partnerships (integrated working)	10	8
5	Failure of a key supplier e.g. Housing Repairs, Waste and Leisure	12	9
6	Failure to maintain Governance Framework	6	4
7	Failure to have contractual provisions in place for goods, works and services procured by the Council	9	2
8	Failure of the Housing Revenue Account Business Plan	16	6
9	General Data Protection Regulation (GDPR) compliance	12	6
10	Council unable to manage impact of Coronavirus (Covid-19) on council services	9	4
11	Impact of Coronavirus (Covid-19) on the business and communities of Melton	15	8
12	Instability and diversion of focus away from the Corporate Strategy created by the Devolution and Local Government Reorganisation debate	6	6
13	ICT Security Breaches	12	8
14	Running a Covid-Safe Election	12	9

Melton Borough Council

Risk Register

APPENDIX A

REF	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK VULNERABILITY AND CAUSE	RISK CONSEQUENCES	EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING *(See next tab for guidance)*			FURTHER ACTION REQUIRED	TARGET RISK RATING (6-12mths) *(See next tab for guidance)*			RISK OWNER	RISK REVIEW DATE
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	**Failure to secure financial stability in the medium term**	Government funding cuts. Fair funding Review and review of business rates baseline originally due to be effective from 2020/21 but timing now delayed and no timescale known. Impact of covid on business rates retained due to appeals and material change of circumstances claims. NHB to be phased out but unclear what growth incentivised funding will replace this. Plan B due for a refresh and would be a last resort. Partnership funding cuts. Demographics (increased demand). Cipfa financial resilience concerns primarily regarding the level and rate of depletion of reserves although these have stabilised. Need and desire to invest versus low level of capital receipts. Lack of asset condition information meaning capital strategy is not as well formed as it could be. HRA business plan is interim until stock condition surveys are complete.	Inability to achieve corporate objectives. Savings having to be made that impact service delivery. Low staff morale and high staff turnover as workforce is reduced leading to capacity issues. High cost services that fail to meet customer needs, demands and expectations. Poor customer satisfaction leading to high failure demand. Deterioration in asset conditions and no capital to invest in aspirations which could lead to increased income/reduced expenditure.	Priorities agreed through corporate strategy. Regular liaison and consultation with unions. Workforce Strategy e.g. staff training and support. Maximising partnership working to deliver better outcomes at reduced local cost. Regular review of MTFS. Well informed public and members around priorities, cost of services and resources available. Regularly review risk associated with partnership projects and funding. Risk assessed working balance which takes into account potential fluctuations of income and expenditure levels against budget. MTFS is subject to sensitivity analysis. Ongoing review of any changes in government funding. Ongoing consideration to be given to public consultation to ensure the proposals are understood within the context of the financial position. Regular liaison and lobbying of government and other groups to recognise the need for funding for Covid costs. Development of financial sustainability programme.	6	4	24	Further Savings options are identified as part of financial sustainability programme. Prioritise spending plans that will generate savings in return. Consider options for reducing failure demand e.g. prevention and demand reduction through service redesign. Continue to lobby government and other groups to ensure fair funding of covid and ongoing funding.	4	3	12	Director for Corporate Services	Sep-21
2	**Future Provision of ICT services following end of current outsourced contract**	LICTP to be moved to an in house service and loss of one partner meaning service will need to be transitioned to new service precision. Risk that we cannot recruit right experience and skills. Transition from current contractor is not amicable. Resources within the partnership to implement in a timely manner. Increased demand for ICT services due to need for more increased remote working.	Poor IT operational service leading to service issues and poor customer service, failure to invest in IT developments both strategic and operational leading to lack of service progress. Poor staff morale and frustration with IT provision. Failure of core systems resulting in loss of service.	IT programme manager with technical skills to liaise with contractor/client to ensure Melton's IT needs are meeting business needs in place. Use of external support and guidance to ensure any service transition is resourced sufficiently. Additional resources provided by partners to support the transition. Regular strategic review meetings to ensure partnership is aligned. Governance arrangements being reviewed to support the new service arrangements.	4	3	12	Project plan for the transition to be put in place and communicated. Commence any discussions with IT supplier and transition to any new arrangement. New governance arrangements to be finalised and put in place.	3	3	9	Director for Corporate Services	Sep-21
3	**Failure to deliver MMDR (in full or in part) and the financial and legal impacts on Melton Borough Council arising from any agreement with the County Council which seeks to support delivery.**	Funding from DFT withdrawn e.g. by change in Government, LCC refuse to accept this grant or the Housing Infrastructure fund for the southern section. LCC refuse to forward fund the required infrastructure. Failure to reach an agreement with the County Council for recovery of developer contributions. Developer contributions not realised. Judicial review and financial impacts on the Council arising as a consequence of any agreement entered into with the County Council.	Undermines the Melton Local Plan and broader growth aspirations. More pressure for Housing growth in rural areas. Reputational impact. Legal Challenge and financial implications which affect services and the Council's sustainability through any agreement with the County Council.	DfT has awarded £50m funding for the north and east sections and the business case to confirm the funding is due to be submitted by the County Council later in 2021. The Council has agreed to work with the County Council in developing the Masterplan for the Northern section which is progressing well. The County Council continue to work with Homes England to see if the Housing Infrastructure Funding can be secured for the southern section. Melton Borough Council continue to offer support to this process and negotiations are at an advanced stage with a view to reaching an agreement that would allow this to proceed. There are both financial and legal risks which need to be managed as a consequence of any agreement. The Council has also committed to update the masterplan for the southern section based on the new development layout approved in December 2020. A draft developer contributions SPD to support infrastructure investment is being developed. Over the last 5 years over 99% of developer contributions have been secured for Melton Borough Council for highways and education representing over £25m of investment. Planning permission has been granted for design and route of the MMDR and contracts awarded for its construction. Ongoing discussions with relevant developers as part of the master planning process.	3	3	9	1) Continue negotiations with the County Council and work towards an agreement on underwriting developer contributions to support LCC acceptance of the HIF. 2) Update the southern Masterplan based on the agreed development layout. 3) Finalise and agree a Developer Contributions SPD prioritising education and highways contributions. 4) Continue to develop and approve the Masterplan for the northern neighbourhood.	1	3	3	Chief Executive	Apr-21
4	**Financial pressures undermining partnerships (integrated working)**	Reduced funding from partners. Conflicting priorities between partners.	With ongoing financial pressures it is difficult to achieve effective partnership working that can have a real impact on key issues such as crime, ASB, substance misuse, social mobility, inclusive growth and homelessness.	Maintaining relationships with senior leaders from other organisations. Working through existing partnership structures. Take advantage of co-location and shared uses of buildings.	5	2	10	Further develop work of the People Board on outcomes framework in Covid 19 context. Work with local (Melton) partners to tackle this framework but also seek to work at the County level to influence key strategic partnerships. Overall focus should be on behaviour change and achievement of better outcomes.	4	2	8	Director for Housing and Communities	Dec-21
5	**Failure of a key supplier e.g. Housing Repairs, Waste and Leisure**	Supplier failure. Bankrupt.	Failure to deliver service. Reputational damage. Financial costs. Capacity to deal with the implications. Legal implications.	Robust procurement. Performance Bonds. Regular monitoring of the key suppliers and contracts.	4	3	12	Ongoing robust monitoring of key suppliers/contracts. Internal audit consultancy assignment commissioned to monitor the contract implementation for housing repair contract. Liaise with contractors for Covid impact and Brexit implications	3	3	9	Director for Housing and Communities	Dec-21
6	**Failure to maintain Governance Framework**	Council does not meet statutory requirements, laws and regulations. Risks not considered and mitigated against. Decision makers not properly informed of material facts. Publication requirements not complied with.	Failure to comply with legislation. Fraud or corruption occurs. Failure to make safe and legal decisions. Lack of transparency and accountability.	A governance review by the LGA has indicated processes are robust.'Constitution regularly reviewed. Corporate resources reviewed regularly. Risk framework considered by members and SLT on a rolling basis. 'Project Management Toolkit refreshed and promoted. Ongoing training on governance matters. SLT held regularly with clear reports and accountability for leading the organisation. Performance indicators have been reviewed. Performance, complaints and risk reviewed by Cabinet and SLT. Corporate Strategy updated and comms plan in place. Professionally qualified statutory officers involved in decision making. Master list of policies developed and regularly reviewed.	3	2	6	Ongoing work to continue to implement LGA recommedations in respect of good governance. Risks will continue to be monitored and updated by Directorates. Project Management training will be rolled out to the wider organisation. Continuing to develop the policy and performance framework.	2	2	4	Assistant Director for Governance & Democracy	Sep-21
7	**Failure to have contractual provisions in place for goods, works and services procured by the Council**	Contractual issues cannot be raised / managed due to no legal standing being in place	inconsistent service delivery, reputational damage, no recourse to recover financial loss.	The contracts register has been updated and published on the website. There will be quarterly reviews until the electronic system has been developed and is in place. This will be moved over to procurement to be managed through the electronic software system	3	3	9	Draft terms and conditions for higher value contracts have been drafted and will be rolled out with the amended Contract Procedure Rules	2	1	2	Director for Corporate Services	Feb-21

Melton Borough Council

Risk Register

APPENDIX A

REF	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK VULNERABILITY AND CAUSE	RISK CONSEQUENCES	EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING *(See next tab for guidance)*			FURTHER ACTION REQUIRED	TARGET RISK RATING (6-12mths) *(See next tab for guidance)*			RISK OWNER	RISK REVIEW DATE
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
8	**Failure of the Housing Revenue Account Business Plan**	Possible failure of the HRA BP include: outdated or unfit business plan; lack of stock condition information; failure to deliver capital programmes; failure to meet Decent Homes Standard; failure of compliance in respect of Health and Safety; failure to collect income due; incorrect assumptions used in BP.	Council being non compliant and failing in the duty as a landlord; tenants being exposed to safety risk; potential financial and reputational risks	Interim Business Plan in place with Housing Improvement Programme being delivered and managed through a Board with Leader and Portfolio Holder oversight; plan in place for stock condition surveys and tenant surveys in 21/22, with new BP in place wef April 2022.	4	4	16	This is managed as a key corporate priority with appropriate levels of resources being allocated through the Housing Improvement Plan. Regular monitoring of the Housing Improvement Plan for the compliance and quality of housing stock is managed through multiple governance structures such as board meetings, operational meetings which have senior leadership oversight. Clear communication is undertaken with key stakeholders to ensure that progress is communicated regularly	2	3	6	Director for Housing and Communities	Jun-21
9	**General Data Protection Regulation (GDPR) compliance**	Failure to invest in the required systems, equipment and posts required to ensure compliance. Failure to adequately train staff in the requirements of the Regulations. Lack of resource (capacity and expertise) to ensure data is accurate, retained in line with retention periods, documented and maintained.	Non compliance with statutory requirements.	Policies have been updated, data protection guidance and training for staff/members undertaken on a rolling basis, Data Protection Officer in place.	4	3	12	Information Asset Register to be reviewed by managers on an annual basis, Information to be champions established. Look at resources to provide more support for the control of data and recording of data held.	2	3	6	Director for Corporate Services Assistant Director for Governance & Democracy	Jul-21
10	**Council unable to manage impact of Coronavirus (Covid-19) on council services**	Lack of capacity to cope with the increase in community needs as well as business as usual tasks as a result of the virus. This will be caused by increased needs from the community as well as reduced staffing availability due to staff becoming ill themselves or needing to self isolate or being unable to work due to caring for others. Technology constraints may also limited the amount of work able to be undertaken remotely. Availability of workforce from contractors as well as council will have a negative impact on continuing the compliance related work. Risk of concurrent events e.g. Avian Flu, flooding, snow, placing further pressure on capacity	Work will need to be prioritised resulting in some services either being scaled back or not delivered at all. Delays to HIP projects and actions would lead to the Council being non-compliant to property health and safety standards. Inability to deliver key aspirations within the Corporate Strategy	In March 2020 the Council declared a major incident and business continuity and emergency planning arrangements have been in place ever since. The Council ceased non-essential services and redirected resources to support priority services and established new community and business support infrastructure. Parkside is a Covid-secure workplace with social distancing and hygiene protocols in place and the majority of the workforce continue to work from home where possible. Whilst technology remains a challenge, the Council has demonstrated its ability to function effectively in these circumstance. Council representatives continue to be linked into multi agency discussions as part of the Leics Local Resilience Partnership (LRF) enabling council is up to date with latest advice and taking a consistent approach as partners. Mutual aid arrangements in place with district colleagues. Regular bulletins and guidance being provided to staff to protect their health and well being. In year savings have been identified from non-priority areas, and alongside additional government funding, the immediate service delivery risk associated with funding has reduced.	3	3	9	Regular, weekly meetings held to review impacts on staffing and critical services. Opportunity to redeploy resources if necessary and bring in additional support as required. Ongoing support provided to staff and utilise additional funding sources (e.g. Contain) to bring in additional resources in key areas e.g. business grant administration and economic development. Continue to ensure staff, members and the community are kept informed as the situation develops. Regular meetings of multi agency groups)Place Board and People Board) to ensure partnership opportunities maximised.	2	2	4	Chief Executive	Sep-21
11	**Impact of Coronavirus (Covid-19) on the business and communities of Melton**	In the 11 months since the lockdown the economy has shrunk by 20%. Whilst the Furlough scheme helped protect jobs in the short term unemployment has increased and the number of claimants for universal credit in Melton has doubled. Over the coming years there will be greater financial, physical and mental health challenges and greater pressure on housing. Whilst the Council has provided considerable support to businesses in Melton through government grant schemes there is a risk that some businesses do not survive. Further risk of local and national lockdowns increase uncertainty and dent consumer confidence	Higher unemployment, greater dependency on welfare, impacts on physical and mental health, impacts on business survival rates, increased homelessness	The Council has established recovery structures to fully assess impacts and identify appropriate responses, including 'people' and 'place' scrutiny task and finish groups to inform proposals. The Corporate Strategy has been reviewed to ensure it incorporates key recovery actions and was adopted in September 2020. As part of the budget setting process for 2021/22, proposals to divert additional resources to support economic development, town centre regeneration and business diversification have been included. The Council continues to work closely with partner agencies in the LRF to ensure response are co-ordinated and work to support our communities and businesses are joined up.	5	3	15	The Council is developing a policy to utilise the Additional Restrictions Grant to support businesses during 2021/22 and as part of the recovery. The current budget proposals incorporate additional expenditure to support the town centre and enable development of a new, post-covid, Town Centre Strategy and masterplan, as well as grants to support business diversification. These will be implemented subject to consideration by Council in February Continued involvement, leadership and engagement within the LRF and support to local partners and businesses as required.	4	2	8	Chief Executive	Sep-21
12	**Instability and diversion of focus away from the Corporate Strategy created by the Devolution and Local Government Reorganisation debate**	It was anticipated that the government would publish a Devolution White Paper in September 2020. Due to the impact of coronavirus this has been delayed until later in 2021.Whilst the exact contents remain unclear it was previously understood this will include some encouragement for areas to consider local government reorganisation. Whilst this may create opportunities which will need to be fully considered there may also be a risk that it consumes capacity and diverts focus away from the council's recently approved Corporate Strategy.	Diversion of focus/ diversion of capacity/ Inability to deliver priorities articulated in the Corporate Strategy/ instability within the organisation/ loss of key staff	The postponement of the Government White Paper has reduced the impact of this risk and enabled the focus to be maintained on pandemic response. It is expected that the matter will be re-considered again as the situation improves and after the May elections. Regular dialogue between the Leaders and Chief Executives of Leicestershire district councils continues and work to establish a collective Leicestershire district positon on devolution is underway.	2	3	6	Review of the actual White Paper and consideration of best response for Melton people and communities once it is published. Continuing dialogue with other local councils and government as required. Proactive and regular internal communications to ensure any change in the positon is understood	2	3	6	Chief Executive	Sep-21

Melton Borough Council

Risk Register

APPENDIX A

REF	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK VULNERABILITY AND CAUSE	RISK CONSEQUENCES	EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING *(See next tab for guidance)*			FURTHER ACTION REQUIRED	TARGET RISK RATING (6-12mths) *(See next tab for guidance)*			RISK OWNER	RISK REVIEW DATE
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
13	**ICT Security Breaches**	Data loss or inability to deliver systems and services from internal or external ICT Security breaches. Internal breaches by employees may be malicious or accidental, either compromising data or systems by deliberate action or inaction. External breaches are by Cyber actors deliberately attempting or breaching ICT perimeter controls, or by misleading staff to take action that compromises ICT security, to remove data, encrypt systems, extort monies, or disable the authorities ability to deliver its services	Data loss, loss of ability to deliver systems and services to employees and citizens,	Perimeter Security, Systems and data is backed up, Annual IT Health checks, Cyber Essentials and PSN accreditation, Security Working Group, policies in place to support and advise staff, ICT monthly articles and newsletters aimed at increasing staff cyber awareness, Encryption detection software, Antivirus software, Mail Filtering, Sophos Unified Threat Manager, Intrusion detection software	3	4	12	Additional Cyber security appliances to reduce the likelihood of successful intrusion and unusual behaviour, Network Access Control to secure the network from unauthorised devices, Privilege Access Management to mitigate internal threats	2	4	8	Director for Corporate Services	Sep-21
14	**Running a Covid-Safe Election**	The pandemic has introduced the need to consider additional measures to ensure that constituents attending the polls and verifying/counting ballots papers can do so in a safe manner. The pandemic may present risks with staffing and polling stations	reputational, political, lack of democracy	Project plan, experienced staff, specific elections risk register, training in place	4	3	12	Ongoing review and consideration of special mitigations required in a pandemic	3	3	9	Chief Executive	Mar-21

Risk Matrix and Scoring Guide

			Impact / Consequences			
			Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	Probability	1	2	3	4
	6 Very High	More than 90%	Medium (6)	Medium (12)	High (18)	High (24)
	5 High	55% to 90%	Medium (5)	Medium (10)	High (15)	High (20)
	4 Significant	15% to 55%	Low (4)	Medium (8)	Medium (12)	High (16)
	3 Low	5% to 15%	Low (3)	Low (6)	Medium (9)	Medium (12)
	2 Very Low	1% to 5%	Low (2)	Low (4)	Low (6)	Medium (8)
	1 Almost impossible	0% to 1%	Low (1)	Low (2)	Low (3)	Low (4)

Likelihood		Impact	Description guide
Very High	> 90%	Negligible	Minor financial, no effect on service provision or reputation, limited physical consequences
High	55% to 90%	Marginal	£10k - £200K??, service slightly reduced broken bones/Illness, objectives of one area not met, minor adverse local media, impact on inspection (s)
Significant	15% to 55%	Critical	£200K - £1M, service suspended short term / reduced, loss of Life/major illness, area objectives not met, industrial action, adverse national publicity
Low	5% to 15%		
Very Low	1% to 5%	Catastrophic	£1M- £10M, service suspended long term, statutory duties not delivered, major loss of life/large scale major illness, corporate objectives not met, mass staff leaving/Unable to attract staff, Remembered for years!! Service taken over permanently

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Melton Borough Council

Helping people | Shaping places

Cabinet

17 March 2021

Report of: Councillor Leigh Higgins - Portfolio Holder for Growth and Prosperity (and Deputy Leader)

Economic Recovery Support Programme

Corporate Priority:	Delivering sustainable and inclusive growth in Melton
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	Yes c) Has significant impact on two or more wards in the Borough and on communities living or working in those areas
Subject to call-in:	Yes

1 Summary

1.1 The purpose of this report is to introduce the Economic Recovery Programme for Melton and propose a comprehensive support package to support our local economy through the recovery period of the Coronavirus pandemic.

1.2 This report provides a wider context to the reasons for these proposals and identifies the benefits they will bring to our economy as part of the recovery process.

2 Recommendations

That Cabinet:

2.1 **Notes the impact of the COVID-19 pandemic on the local economy, the Council's response to supporting economic recovery to date and the previous approvals obtained to progress the proposals identified in paragraph 5.3**

2.2 **Approves the proposals for the use of the Additional Restrictions Grant (ARG) funding as identified in paragraph 5.4 and 5.5**

2.3	**Delegates authority to the Director for Growth and Regeneration, in consultation with the Portfolio Holder for Growth and Prosperity, to agree detailed assessment criteria for each item of the grant support package in line with the Council's governance procedures.**
2.4	**Delegates authority to the Director for Growth and Regeneration, in consultation with the Portfolio Holder for Growth and Prosperity, to make required changes to the outlined proposals following further consultation with stakeholders and government departments and following any extension of coronavirus related restrictions or funding packages that may be made available by central government.**

3 Reason for Recommendations

3.1 Delivering sustainable and inclusive growth in Melton is a key priority in the Council's Corporate Strategy (2020-2024).

3.2 These recommendations have been compiled to cover the areas of most concern that have been highlighted by businesses and partners and which are likely to maximise benefit and impact over the next 12 months. These proposals will enable the Council to implement a series of support packages to assist businesses to bounce back from the negative impacts directly attributed to the coronavirus pandemic.

3.3 To enable the Council to adapt appropriately to the ever changing national, regional and local picture when it comes to the support it will need to deliver to help businesses survive and thrive over the next year.

3.4 These recommendations are considered to be the most appropriate support to key target areas and will support both urban and rural areas within the borough as well as our key sectors. Other support mechanisms have been provided to enable all businesses to develop and enhance their resilience moving forward through either diversification into new areas or creating resilience amongst their workforce.

4 Background

4.1 Since the first national lockdown came into effect on the 23 March 2020 the country has been either under national restrictions or within local tiered restrictions. This has significantly impacted local economies up and down the country with redundancies increasing and businesses having to postpone previously held growth aspirations and refocus on survival. Whilst there has been some examples of success during this period and growth in certain sectors the overall picture has been extremely challenging and not all businesses will have survived. Overall the economy has shrunk by 9.9% over the last year, despite the significant support which has been provided by government and administered locally. Support mechanisms have included grant schemes such as; Small Business Grants, CJRS, SEISS and low risk and easy to access loans. With recent announcements signalling the potential easing of restrictions, coupled with the success of the vaccination programme, it is now necessary to prepare for the recovery from the pandemic. To support this effort, the Council is progressing its plans to support the borough's economy during the recovery phase and beyond.

4.2 The local economy in Melton is dominated by sectors which have been particularly adversely impacted by the restrictions that have been in place over the last year. Tourism,

Retail, Leisure and Hospitality are all key sectors to Melton's economy and provide over 6000 jobs in the area. A significant proportion of these have had to be furloughed and many roles may be made redundant once furlough comes to an end. Alongside this there are many who would normally have undertaken seasonal work but have not been employed at all and this has had a disproportionate effect on the younger population (between ages of 16-25). At its peak 6000 jobs were furloughed in Melton which accounts for just circa 25% of the total jobs in the area. As of January 2021 Melton's unemployment rate stands at 4.1% and has done since Nov 2020. Latest claimant count comparable from November 2020 (released in January 2021) identifies a 120% increase on the same period compared to the year before. To give context the increase rate for same period across Leicestershire is 150% and for the East Midlands it stands at 106%

4.3 Following the easing of each lockdown, the Council has undertaken a significant amount of collaborative work with the Business Improvement District (BID) as well as Melton Mowbray Town Estate (MMTE) for the safe reopening of various sectors of our economy including the town centre and evening economy. Officers have been present in the form of COVID marshals as well as town centre ambassadors linking with the police and businesses to ensure safe return to 'normality'. Following the announcement of the Business and Planning Bill, the Council engaged with the County Council and businesses to make it easier for the businesses to get pavement licences to allow for outdoor seating for cafes and restaurants. The Council also made a decision to take a supportive approach to planning enforcement regarding erection of temporary structures and marquees that allowed the pubs and restaurants to extend their serving area into their gardens and car parks. Hand sanitisers were installed near community facilities and guidance was provided to businesses in a range of different formats to provide confidence to the customers for a safe retail and leisure experience.

4.4 **Business Grants**

A significant part of the Council's effort to support economic recovery has been the distribution of grants money provided by the Government in a timely way to the businesses that needed it the most.

- Since November 2020 over £4m has been paid out across 8 schemes to over 600 businesses on top of the £10.7m given out during the first lockdown March-June 2020.
- £512,000 of the Additional Restrictions Grant has held back to provide support to businesses during the post pandemic recovery Period (explored in further detail in Section 5 of this report).
- £55,000 of overspend for LRSG Open scheme has been supplemented by funding from the ARG scheme as the amount received was deemed insufficient to provide the level support required to businesses over the December 2020 period.
- Despite the good progress being made to pay businesses the grants they are entitled to, there is still 32.4% of the funding allocated to the Council that is yet to be claimed by businesses in the Borough. To encourage further applications the Council plans to develop a communication campaign for all schemes. This will include: direct emails to potentially eligible businesses, press releases and social media posts.

4.5 Some surveys have been undertaken over the last 12 months into the specific impact of Covid on the Melton economy and its businesses. These surveys overwhelmingly highlighted that they key areas of support that businesses believed they would need to support them throughout, and beyond, this period would be related to provision of grant

funding. This has been reflected in the suggested programmes albeit it was targeted at key sectors and specific areas of business development.

There will be further surveys undertaken over the next year and it is important that the Council is able to adapt its proposed schemes to reflect any changes in support requirements highlighted by businesses as a result of these.

4.6 **Key areas to focus on for supporting recovery:**

- Supporting key sectors that have been most directly impacted by the pandemic; including:
  - Tourism, Hospitality and Retail
  - Food production, manufacturing and retail (restaurants and pubs etc.)
- Workforce, skills and employment: At its peak there were over 6000 jobs furloughed in the area. This equates to just under 25% of the areas overall workforce. There is the expectation this will lead to a significant amount of redundancies once the Governments Coronavirus Job Retention Scheme comes to an end. It is important that businesses are able to retrain their remaining staff to better suit the needs of their business moving forward.
- Business support: Encouraging an innovative business support eco system that encourages indigenous business growth whether it be through:
  - Providing intensive support and advice to start up, pre start or businesses in their first year of trading to provides them with the tools that will give them the best chance of success as possible.
  - Supporting businesses throughout the borough to diversify into new areas of trade
  - Encouraging and enabling channel shift to online sales as well as those made through bricks and mortar to supplement a businesses income and give them a wider potential customer catchment area.
- Protecting the mental health of our business owners: this year has been increasingly difficult for business owners and we want to make sure there is a visible support service available to business owners who would like to make use of this service.

4.7 In addition to the above there are other impacts on the Council's finances which will directly impact its ability to deliver services which need to be considered. By supporting the economy in the manner identified in section 5 it is expected these impacts will be softened. These are;

a) Potential business rate loss as a result of failing businesses in the borough and reduced growth.

b) Changing shopping trends. This could have a direct impact on car park income, as a result of fewer trips into our town centre less often, unless the centre is able to adapt to meet changing consumer needs. Predicted immediate upturn in evening economy as people get back outside again will have a minimal impact on car parking income as it is expected this will lead to the car parks being used largely outside car park charging hours.

c) Potential loss of leisure income: whilst not something that can necessarily be impacted by any of the activities outlined below there may be an impact on the amount of income received via leisure usage in the future. This is because people have got used to exercising outdoors so we may see a drop of in leisure income. This makes utilising the

ARG funding more pertinent as any support that can be provided to protect business rates income or increase usage of our car parks through developing a more vibrant and engaging town centre and more resilient economy will offset this potential loss.

4.8 One of the few areas where the coronavirus has had a positive impact is around encouraging businesses and organisation to work from home. This has led to fewer movements in travel which has had a beneficial impact on the environment and shown businesses they are able to function and even increase productivity when allowing their staff to work flexibly. However the down side of this is that it has shown businesses they can reduce their physical footprint. This is expected to have a significant impact on areas such as town centres and office parks with office space being difficult to let. This could have an adverse impact on how our town centres function in the short to medium term.

5 Main Considerations

5.1 The Council has a leading role in supporting the borough's economy to bounce back over the next 12 months and beyond. All funding to provide support during the pandemic has been provided to Local Authorities and Central Government has been clear that the Council will be able to hold a proportion of the ARG funding back in order to provide direct support to businesses during the recovery period. The Council is a key intermediary between the wider support available through the LLEP and other partners and will provide a central role in ensuring the support provided on the ground is complimented by support available through partners. This means ongoing engagement is being undertaken with partners to ensure the proposed services identified below are able to have maximum impact.

5.2 The ARG funding was provided to Local Authorities to support businesses that were unable to access grant support through any of the other schemes that were available. This funding was to be utilised to provide support directly to businesses during the first lockdown in November, any subsequent restrictions or lockdowns after this period and throughout the recovery process up to 31st March 2022.

5.3 Due to this the Council has had to consider the balance between ensuring adequate funding was provided to support businesses versus ensuring enough funding was held back to meaningfully support the economy to bounce back during the recovery period. The Council has notionally set aside £512k, 34%, from its total Additional Restrictions Grant allocation to introduce a comprehensive package of economic recovery related programmes and projects to support our economy over the next year. Two of the proposed projects have already received sign off through separate approval processes. These are:

a) £40,000 - recruitment of a Senior Economic Recovery Officer (coronavirus response) role.

This has been approved under delegated authority and this role has been developed to lead on the provision of existing grants but to also develop and manage the schemes and programmes proposed in this report.

b) £100,000 – Rural Diversification business grant scheme.

To enable businesses in rural areas to apply for grants of 50% of project costs or up to £10,000 (which ever is the least) towards supporting the delivery of a diversification project to develop their business, make their income streams more resilient, support the

tourism, hospitality and/or leisure sectors or provide additional services to their community. This has already been approved by the Council as part of the budget for 2021/22.

5.4 The remainder of the projects and programmes proposed as part of the Council's Comprehensive Economic Recovery Package are identified below. The development of the following proposals below seeks to respond to the issues set out in section 4.6 - 4.8 to support the local economy during the recovery period.

a) £7,000 – extension to existing 0.6FTE Economic Development officer role for a day a week.

This will be an additional resource for a year for existing Economic Development officer to specifically deal with and support business enquiries relating to ARG programmes. The coronavirus pandemic has led to a significant increase enquiries being received by businesses and this will need to be picked up through additional officer hours.

b) £40,000 – provision of targeted sector specific support.

1-2-1 expert support to key sectors in the borough to enable businesses in these sector to adjust to any future or new requirements in customer of industry expectations i.e. adjusting to the 'new normal'. These sectors are likely to focus on;

- The tourism and hospitality industry, with support being provided around how to benefit from the predicted increase in 'staycation' holidays and how to adjust to the new standards customers are likely to expect when they are visiting.
- Technical support to businesses in food and drink production, manufacturing and 'experience' sectors to enable them to adjust to new consumer trends, expectations and standards.

c) £50,000 - Town Centre recovery grants.

This would be a pot of funding that would be used to attract and encourage businesses to either stay or relocate to a town centre location. These grants would be fairly wide in their ability to support businesses but would expect to be match funded by the applicants. It is expected the funding could be used for projects such as:

- Shop frontage improvement scheme – business would have to demonstrate how this would increase footfall to their business.
- Relocation grant – for businesses looking to relocate or expand into the town centre. A grant to help them with the initial costs of opening up the store etc.
- Vacant premise refurbishment grant – to support landlords who have had long term vacant premises undertake refurbishments to the premise to make it more attractive to increase interest/enquiries (again will have to demonstrate this direct link to supporting a business).

d) £25,000 – Online business grants.

To provide a grant of up to £500 to independent SME businesses to enable them to develop or improve their online presence or enable the website to take online payments.

e) £100,000 – Business start up programme.

Holistic business support programme to enable new businesses that have either been started during the pandemic, started just before the pandemic or looking to start during the recovery period to get up and running. Programme will culminate in the opportunity to bid

for funding to help this happen – programme will be based on the following indicative programme (subject to conversations with relevant partners);

- 4 week course on the basics of running a business.
- 1-2-1 support (up to 8 hrs) to Develop a business plan outlining their business and how it will develop.
- For business plan where 1-2-1 adviser believes there to be a solid base for growth will then be invited to apply for the grant.
- Grant assessed by a grant panel consisting of the Council representatives and partner organisation and grant allocated.
- 1-2-1 support to continue over next 2-3 months (up to 4 hrs) to provide ongoing support.
- Monitoring and reporting to be set up to better understand successes of grant scheme.

There is some support to look at a Leicestershire wide business start up programme with contributions from all Local authorities to create a larger pot of funding. This is currently being explored in more detail and the Regeneration Manager is currently in discussions with County, LLEP and other LA areas to look into this further.

f) £25,000 - Upskilling workforce scheme.

A grant to support businesses looking to upskill workforce to develop more productive workforce or promote from within to support business growth or develop business resilience.

5.5 The projects below are those that we wish to deliver but are awaiting discussions with Department for Business, Energy and Industrial Strategy for further clarifications.

i) £25,000 – Mental health support for small business owners.

To explore working with key partners to provide a free at point of service resources for business owners who are suffering from mental health issues through this pandemic and during the recovery process. This project is currently being explored with contact being made with key partners to look at what types of services can be provided or supported through this scheme.

ii) £20,000 – support to taxi industry

Since the start of the pandemic the number of licenced taxis operating in Melton has reduced by over 30%. This will have a significant impact on the vitality and viability of evening economy in the borough with negative impact on individuals wishing to go out in the evenings and weekends and experience our leisure offer. Lack of availability of taxi service also has a detrimental impact on our rural and aging communities and their ability to access facilities in the borough. It is proposed to enable taxi drivers to apply for a one off grant to ensure they are able to continue to support our communities and evening economy.

iii) £TBD – ARG restart grant fund for those businesses not covered within the Government's restart grant programme.

The purpose of the Additional Restrictions Grants is to support those businesses that are unable to access grant support directly through the grant programmes set by Government. Following the announcement by the Chancellor that there will be a targeted restart grant

programme it is expected there will be a need for the ARG funds to be utilised to provide a grants scheme that loosely mirrors this but for those businesses that would not be considered eligible. The Council is currently awaiting the finer detail of this scheme from Government but would expect to set aside any ARG funding currently unallocated and any additional funding provided by government (if any is forthcoming) towards this programme to ensure our full allocation of ARG is spent by 31 March 2022.

5.6 The above proposal allocates £432k of the ARG funding. This leaves £80k which has been set aside to allow the Council to increase the scope of any of these schemes if they become over subscribed or require expanding into new areas.

5.7 The proposed programmes for allocation of grant funding will require the Council to develop a set of detailed assessment criteria as well as an application and assessment process for each element identified above. The complexity of these will be determined by each individual scheme but will be designed to ensure the funds are easy to access whilst ensuring the Council are able to have enough information to make informed decisions treating all applicants fairly. These criteria and processes will be worked on by officers over the coming weeks, in liaison with the Portfolio Holder, to ensure they are in place for when the schemes are launched.

5.8 A couple of the suggested programmes relating to the provision of support services may require procurement. This will either be directly by the Council or by partner organisations on our behalf. For these projects the Council will either directly develop a specification in consultation with the Director and Portfolio Holder or work with our partners to ensure the specifications, and therefore the service provided, are reflective of the need identified within Melton Borough.

5.9 Other Activities being undertaken to support our economy:

- Website and Attractions Map design and development – A new Destination Melton website and attractions map is being developed to better showcase the areas tourism and hospitality offer to support this much affected sector of our economy. Work is currently ongoing to increase engagement with partners ready for a launch of the website before the summer period. As well as this the website will be utilised to showcase the areas attractiveness in terms of inward investment opportunities or business premises in the area to look to increase awareness of Melton Borough and what a great area it is to run a business.
- Food Enterprise Centre – This project is currently underway. A project manager has been secured and the Council is working with key stakeholders such as the market operators and Brooksby Melton College to develop Melton as a key destination for food and drink production, experiences and technological advice for those businesses wishing to access support. Work currently underway is securing a consultant to develop a brand for the site to increase its awareness amongst the general public and showcase what it has to offer to the area in order to increase site visits to the site and wider town centre area. Next steps include undertaking an assessment of the site in terms of the infrastructure required in a post pandemic world to enable events to take place, to secure those that currently do and also attract others.
- Town Centre Vision and Enhancement - The Council has allocated £50,000 for town centre enhancements. A sum of money will be set aside from this allocation for working with partners to develop a long term vision for the town centre. This will draw together many different projects and work streams that area currently taking place or due to take place in and around the town centre area. It is anticipated that by developing this

coordinated approach to shaping growth for the town centre the Council will be able to facilitate the establishment of a town centre that is fit for purpose over the medium to long term. The rest of the allocation will be for environmental and public realm enhancements to make the town centre attractive in readiness for reopening later in the summer.

6 Options Considered

6.1 Options considered related to the level of ARG funding the Council should seek to distribute during the immediate response relative to the amount retained for 2021/22 to support recovery and wider support packages. A range of options have been considered and after discussions internally and with colleagues form neighbouring councils it was decided that 34% (£512,000) would be an appropriate amount to hold back. It was agreed that this would then be reviewed depending of the level of direct ARG related grant funding distributed since 5 Nov 2020. The amount of spend is closely monitored and the amount that has been allocated directly to businesses through business grants has not yet exceeded the amount set aside for this purpose, and therefore the amount set aside for the recovery period and to support the programme of work set out above, still seems reasonable. This will continue to be monitored.

7 Consultation

7.1 Due to the timescales available to the Council (all money must be spent by 31 March 2022), and the need to ensure businesses receive support in a timely way, there has been no formal consultation on the activities outlined above. However these proposed actions have been compiled following 12 months of significant engagement directly with businesses, key partners and other organisations:

7.2 Internal consultation: The Regeneration Manager and wider team have had daily engagement with other departments that have direct day to day dealings with businesses, such as our regulatory and licensing team, to better understand the concerns and challenges being faced by businesses in specific sectors, specifically pubs, licensed premises and taxi companies. All of which are vital to a healthy, vibrant and successful evening economy in the area.

7.3 Discussions have also been had with the Department for Business, Enterprise and Industrial strategy to better understand their areas of concern or how they view the funding should be used to support businesses. These discussions are ongoing and evolving but all the information provided within those meetings has informed the activities outlined in this report.

7.4 Direct engagement with businesses. Over the past year members of the grant team have had over 2000 unique engagements with businesses which have often gone into detail about industry related challenges and also the unique challenges faced by the individual business. Whilst these concerns are hugely varied there are key themes which have been able to be aggregated through these discussions and these have directly informed the proposed schemes.

7.5 Work with partners: Since the beginning of the pandemic the council has led on the development of and supported partners and other organisations in the delivery of business webinars and surveys. These have been used to hear directly from businesses what their

main concerns are in relation to the coronavirus pandemic and how they will continue to trade once it is over. In addition to this officers have been in regular contact with organisations which represent local business interests to get a better understanding of how the Council can support the economy. The proposals in this report were discussed at the recent Place Board with opportunities for partners to feed in and comment.

7.6 All of the above discussions and engagements have fed into the comprehensive package of support that is recommended to be bought forward to have the most significant impact on our local businesses and enable them to survive and thrive over the next 12 months.

8 Next Steps – Implementation and Communication

8.1 A more in-depth timeline for development will be determined once projects have been approved. Key timescales are:;

Activity	Date
Develop communications plan to promote planned programme of support to the local business community	April 2021
Develop Equalities impact assessment for the programme	March 2021
Develop governance documentation as well as project documentation (application process and assessment criteria etc.) to enable programmes to be developed and proceed	April 2021
Go live with grant schemes	May 2021
Quarterly updates and reviews on project spend	July 21, Oct 21, Jan 22
Schemes close	31st March 2022
Reporting and monitoring of scheme outcomes and impact	March – May 2022

9 Financial Implications

9.1 The Economic Support packages outlined above are all proposed to be funded through the Council's Additional Restrictions Grant allocation from Central Government which the council has received £1.479m. The Council is still awaiting the assessment by Government for the new burdens funding to cover any associated administrative costs of the scheme. Whilst administration so far has been covered by existing resources this is not sustainable in the longer term and a backlog of the businesses usual work is building. Consideration is being given to the use of this funding to support the administration of the schemes.

9.2 There will be some additional officer time required to support the delivery of these programmes but that is anticipated to be picked up through existing staff resources within the organisation.

9.3 An outline of the costs of each associated project can be seen below (projects in bold subject to further conversation with BEIS).

Project	Cost
Recruitment to Senior Economic Recovery Role	£40,000
Extension of hours for existing ED officer role	£7,000
Sector Specific business advice and support	£40,000
Rural diversification grants (approved through budget)	£100,000
Town Centre recovery grants	£50,000
Grants to get online	£25,000
Business start up support programme	£100,000
Grants to upskill workforce	£25,000
Mental health support (subject to BEIS approval)	**£25,000**
Support to taxi industry (subject to BEIS approval)	**£20,000**
Total Allocated	**£432k**
Unallocated (to be allocated based on scheme take up)	**£80k**

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

10.1.1 Detailed criteria for each grant support scheme will need to be agreed and drafted prior to awards being made. The governance processes contained within the Constitution will also need to be considered and complied with for each scheme/grant.

Legal Implications reviewed by: Monitoring Officer

11 Equality and Safeguarding Implications

11.1 An Equality Impact Assessment will be carried out for the complete package of support programmes that are approved as part of this process. An EIA will be submitted to the check and challenge group and receive sign off before grant and support activity is put into place.

12 Community Safety Implications

12.1 None

13 Environmental and Climate Change Implications

13.1 To explore green recovery and active travel as part of criteria for grant schemes.

14 Other Implications (where significant)

14.1 Human Resource implications – all employment requirements will follow our internal procedures and the responsible manager will ensure compliance is adhered to.

14.2 Procurement implications – all procurement will comply with the Council's standard procurement procedures and this will be overseen by the responsible manager for the schemes alongside the Welland Procurement Unit.

15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	ARG compliance - BEIS identifies an area of support proposed within the comprehensive support package isn't eligible to be covered by the use of ARG funding	Low	Critical	Medium Risk
2	Timescales not met – delay in programme delivery means funding has to be given back to BEIS by the Council	Low	Critical	Medium Risk
3	The support is not given to a key area of impact leading to failure of that business sector and criticism of the Council	Low	Critical	Medium Risk
4	Lack of take up from businesses	Low	Marginal	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant				
	3 Low		4	1,2,3	
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	Ongoing engagement with BEIS to ensure they are satisfied with our proposals and that they are considered as being eligible for use of ARG funding. Should any doubts be raised ensure appropriate changes are made to projects in order to bring them into scope
2	Appropriate oversight: Monthly update reports identifying project spend against projections will be undertaken amongst other factors. This will enable the Council to identify and areas underspend and the potential reasons for these that could be reallocated to areas that are over subscribed to ensure funding is spent by the deadline date of 31st March 2022
3	The grant proposals are informed by the enquiries made to the Council by businesses and sector representatives during the pandemic
4	If there is no business interest for any element of the proposed support package, the allocation will be diverted to other high demand areas in consultation with the portfolio holder.

16 Background Papers.

16.1 None

17 Appendices

17.1 None

Report Author:	**Lee Byrne**, Regeneration Manager
Report Author Contact Details:	01664 502589 LByrne@melton.gov.uk
Chief Officer Responsible:	**Pranali Parikh**, Director for Growth and Regeneration
Chief Officer Contact Details:	01664 504321 PParikh@melton.gov.uk

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Melton Borough Council

Helping people | Shaping places

Cabinet

17 March 2021

Report of: Councillor Alan Pearson - Portfolio Holder for Housing and Communities

Leisure Centre Contracts

Corporate Priority:	Excellent services positively impacting on our communities
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	This report contains exempt information and is not for publication in accordance with Paragraph 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972. Further details can be seen in legal advice contained within the report. Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information). Paragraph 5: Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
Key Decision:	Yes
Subject to call-in:	Yes

1 Summary

1.1 Melton Borough Council is committed to providing good quality leisure facilities for the long-term health & wellbeing benefit of residents within the Borough. The position has been complicated by the ongoing impact of COVID19 on the Leisure industry and the Council's legal obligations to its leisure providers following the government imposed restrictions during the pandemic.

1.2 In September 2020, Cabinet considered a report detailing current operating conditions in light of COVID19, and the options available to the Council for new leisure contract arrangements in light of the pandemic and the expiry of the leisure centre contracts at Waterfield Leisure Centre (WLC) and Melton Sports Village (MSV). Cabinet noted the interim support given to the Leisure Operator, Sports Leisure Management (SLM), during initial closure & remobilisation periods by the Council.

1.3 Cabinet delegated to Officers the negotiation of a deed of variation to the end of the financial year 2021/22. The total support for the period April 2020 to March 2021 was agreed to be capped at £478k representing the waiving of the management fee (£250k) and the underwriting of the estimated net costs incurred during this period (£228k) and;

1.4 Cabinet also authorised negotiation to extend the contracts for Waterfield Leisure Centre (WLC) and Melton Sports Village (MSV) for a period of 2 years, on the basis of seeking no less favourable contract terms (including car parking arrangements), with the terms for the proposed extension to be considered and approved through formal decision by Cabinet.

1.5 This report confirms the proposed terms of the contract extensions resulting from those negotiations and recommends to Cabinet the extension of the contracts.

2 Recommendations

That Cabinet:

2.1 **Note the decisions taken to date in respect of the interim support provided to the Leisure Operator, Sports Leisure Management (SLM) during closure & remobilisation periods, and the Deed of Variation agreed for the period September 2020 to March 2021.**

2.2 **Approve the extension of the contracts for Waterfield Leisure Centre (WLC) and Melton Sports Village (MSV) for a period of 2 years, on the basis of the contract terms detailed in the report and the financial information in Appendix A.**

2.3 **Delegate authority to the Chief Executive, in consultation with the Leader of the Council, to finalise and enter into any contract / property documentation necessary to affect the extension within the parameters set out in this report.**

2.4 **Approve further work to be undertaken on:**

2.4.a **the options around the Council's offer to residents in respect of leisure services from April 2024**

2.4.b **an options appraisal of Council-owned leisure sites in the context of the Council's Corporate Asset Management Strategy**

2.4.c **the recommendations from 2.4.a and 2.4.b to be submitted for Cabinet's consideration in February 2022.**

3 Reason for Recommendations

Note the decisions taken to date

3.1.a The government enforced closure of leisure centres affected the viability of SLM to generate any revenue to cover the costs of the period of closure.

3.1.b The government's guidance was that local authorities should act to ensure leisure operators at risk are in a position to resume normal contract delivery once the outbreak is over and, by implication, seek ways of providing support. Public sector outsourcing contracts such as the two leisure services contracts typically include a provision to apportion the cost risk of specific ("qualifying") changes in the country's laws. This means that contractors do not have to include a risk premium for these changes in their pricing which the public sector would pay even if that risk does not materialise. On balance these clauses result in better value for money for the public sector, however if the risk does materialise – as has been the case with the various Coronavirus Regulations in force since March 2020 – then the public sector bears the cost. These clauses provide that SLM should be put in a "no better and no worse" position that it would have been in (looking at each contract's financial model) had the Qualifying Change in Law not taken place.

3.1.c Both of the Council's contracts with SLM entitled SLM to claim (where a "Qualifying Change in Law" event has taken place):

a) relief from obligations under the contracts; and

b) adjustments to the Management Fee.

3.1.d Varying the agreements avoided the risk of costly litigation should the Leisure provider sought to pursue a breach of contract claim against the Council if support had not been provided.

Contract Extensions

3.1.e The extension of the contracts provides some certainty for leisure provision in the Borough and the financial position up until March 2024. The Council has negotiated provision to enable it to recoup the support it has provided to SLM during the Coronavirus pandemic by way of a profit share agreement. Recovery of such support relies on profits being generated by SLM.

3.1.f The Council is acting in line with guidance and procurement regulations – see below at 5.1.e et seq.

3.1.g If the Contracts are not extended, there is a risk that any procurement exercise undertaken during the current pandemic will be fettered by the uncertainty in the leisure industry. Leisure providers are not in a position to bid for new contracts or provide competitive financial proposals due to the uncertainty of footfall and other business pressures resulting from Covid 19.

Further work on options around leisure delivery and best use of Council assets

3.1.h The extension allows the Council to consider the future leisure offer to residents of the Borough within the context of a changed environment for the industry in the post-Covid era.

3.1.i An options appraisal will demonstrate a Best Value approach to the best use of Council-owned assets in the context of the future leisure offer.

4 Background

COVID19 Context & Leisure Sector Response

4.1.a The Coronavirus pandemic is unprecedented and has required the Council and Leisure operator to work in partnership to address issues quickly and resolutely.

4.1.b All other local authorities across the County who outsource their leisure provision have found themselves in similar positions.

4.1.c The Council have been in regular communication with other Districts within Leicestershire throughout the Coronavirus pandemic and have been supported by Leicestershire & Rutland Sport & Sport England in creating, where possible, consistency to Leisure Operator requests in line with central government guidance wherever possible.

4.1.d The Council received funding from Sport England to appoint specialist consultants FMG to support and provide guidance to the Council in regards to Leisure Operator requests and the consultants compiled a report outlining the impact of leisure facility closures and remobilisation. The support provided guidance on the level of financial and other support the council should be providing at this time to the leisure operator.

4.1.e There is a high degree of uncertainty within the Leisure Market at present, with COVID disrupting operators. This will naturally have an impact on any potential procurement exercises and this report also provides members with options which are reflected in the commentary provided to minimise the impact to the Council and the provision of its leisure offer.

4.2 The UK government issued guidance to local authorities and other public bodies who have outsourcing contracts or concession arrangements. In short, the government's guidance is that local authorities should act to ensure suppliers at risk are in a position to resume normal contract delivery once the outbreak is over and, by implication, seek ways of providing support. Councils seeking to apply the guidance would be acting rationally and properly in public law terms. In light of the COVID-19 pandemic, various Councils including Melton Borough Council had been approached individually during this uncertain time for assistance in helping the Contractor (SLM) to remain viable during the enforced closures of leisure centres.

4.3 The Council was one of the first in Leicestershire to remobilise leisure sites in a phased reopening (fitness suite & group exercise) from the 25th July 2020, and the swimming pool from the 1st August 2020.

4.4 **Deed of Variation**

4.4.a The Change in Law provisions in both of the Council's contracts with SLM (clause 43 of the Waterfield Contract and clause 47 of the Sports Village Contract) **entitled** SLM to claim:

a) relief from obligations under the contracts; and

b) adjustments to the Management Fee,

where a Qualifying Change in Law event has taken place.

4.4.b Given these clauses, to both stabilise the financial position and provide for certainty for all parties, Cabinet agreed in September 2020 to enter into a Deed of Variation with SLM, on the following basis:

4.4.c that the terms of the Variation were based on applicable Government guidance covering social distancing requirements and the Council's own financial viability;

4.4.d that the net costs incurred by the leisure provider for the remobilisation period are underwritten, subject to a cumulative cap of 10% above the full Forecast Deficit per month; and

4.4.e that the management fee paid by SLM to the Council for the period September 2020 to March 2021 be waived should the net financial position indicate this is required.

4.4.f Appropriate contractual letters of variation and support were entered into on:

a) 28 April 2020 covering 01 April 2020 to 30 June 2020

b) 23 July 2020 covering the period from 01 July 2020 to 31 August 2020

c) 04 December 2020 covering the period from 01 September 2020 to 31 March 2021

5 Main Considerations

5.1 Contract Extensions

5.1.a The Council owns both the WLC & MSV sites. A leisure operator was procured to manage the sites on behalf of the council to deliver leisure services to residents. SLM were the successful leisure operator acquired in October 2011.

5.1.b In March 2020 officers began looking at the contracts and requirements for a formal procurement process for both the Waterfield Leisure Centre (WLC) & Melton Sports Village (MSV) Contracts because the contracts were due to expire in March 2022. This was impacted by the enforced government closures in light of the Coronavirus pandemic and staff resources being diverted to assist with the Council's response.

5.1.c Consequently, officers sought to clarify the options available in the circumstances.

5.1.d Regulation 72(1)(c) of the Public Contracts Regulations permits an extension of up to 50% of the value of the contract where that variation is necessary due to "unforeseen circumstances" without a new procurement process where:

a) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;

b) the modification does not alter the overall nature of the contract;

c) any increase in price does not exceed 50% of the value of the original contract or framework agreement.

5.1.e The Procurement Policy Note (PPN) 02/20 published by the Cabinet Office confirms that the Covid-19 pandemic constitutes such an unforeseen circumstance: https://www.gov.uk/government/publications/procurement-policy-note-0220-supplier-relief-due-to-covid-19.

5.1.f The Council has had a positive relationship with SLM over the course of the current contract, during which SLM have met the council KPI's for attendance across the leisure sites.

5.1.g Procurement for a new contract at this time is high risk, due to the coronavirus pandemic impact and the uncertainty of the leisure market currently so the proposal is to extend both contracts for a period of 2 years.

5.1.h For the service contract for Melton Sports Village which has a duration of four years starting on 01 March 2018, the Council will seek to rely on the "unforeseen circumstance"

in regulation 72 of the Public Contracts Regulations 2015, which allows a variation of up to 50% of the value of the contract which provides for an extension of up to a further two years.

5.1.i The service contract for Waterfield is a 10 year and 6 month contract which has a built-in provision for extending it for up to 5 years (clause 3.2). Extending this contract for 5 years is permitted since it forms part of the original contract which was subject to an open procurement process. The recommendation is to extend this contract for a period of 2 years. The two years will allow time for a strategic assessment, not only of the leisure industry and what approach the Council needs to take in the future, but an appraisal of the sites as a Council asset with the potential for alternative use. The current contracts work in tandem with property leases and new leases will be granted for the extension periods if approved.

5.1.j The other options considered by officers were:

a) **Procurement for a new Leisure Contract at expiry of current contracts:**

i) It is unknown whether the Council will achieve a better commercial and financial offer in terms of leisure services at the present time due to the volatility in the industry. In the context of the Coronavirus pandemic, the demand post lockdown recovery may present a limited appetite in the leisure operator market for new contract opportunities. In addition, there are capacity implications to undertake a formal procurement process at the present time with officers having to deal with the response and recovery resulting from the pandemic.

ii) The Council may not be able to recoup costs they have supported SLM with during the Coronavirus pandemic if a new leisure operator is chosen.

iii) Financial Offers from leisure operators would be significantly diminished or with financial caveats, owing to the lack of confidence in the leisure market.

iv) For the above reasons, this option has been discounted and the option proposed provides the Council and the Leisure Operator (SLM) more time to understand the long term implications of COVID19 on the Leisure Sector and recouping the costs incurred by the Council.

b) **Extend both Leisure Contracts for the maximum period, in line with clauses in current contracts; and undertake one procurement exercise for both sites after 2 years for different contract lengths, to synchronise contracts.**

i) This would result in one contract being extended for 5 years (WLC) and the other for 2 years (MSV) which would cause issues for the council when procuring a new provider.

ii) This option would also result in the Council having to manage two different operators for a period of 3 years which may prove difficult and provide a difference in service provision at the two sites.

iii) This may require cancelling the contract with current Leisure Operator if a new Leisure Operator is appointed to deliver the new contract. This would have financial implications for the Council.

iv) There may also be limited appetite in the leisure operator market for a new contract, with varying contract lengths over two sites.

v) For the above reasons this option has been discounted

c) **Extend both Leisure Contracts for the maximum period, in line with clauses in current contracts; WLC for 5 years & MSV for 2 years; and procure for each site at the end of their respective contracts – synchronising at time of procurement.**

i) WLC is the more profitable of the two sites. The benefit of this option is the Council could look to recoup any costs they have supported with SLM during the Coronavirus pandemic, with a profit share agreement over a 5 year contract extension rather than 2 years.

ii) The downside is the Council took a decision previously to synchronise both the WLC & MSV contracts, as there was limited appetite to tender by leisure operators for individual leisure sites in such close proximity to one another.

iii) The lack of synchronisation could affect the tenders/financial offers received for leisure sites at each contract expiry.

iv) This option is not cost effective as it requires two procurement processes and there may be limited appetite in the leisure operator market.

v) This option also may present conflicts between Contract Management, if there were different leisure operators at each leisure site.

5.2 **Terms of the extension**

5.2.a In the September 2020 meeting, Cabinet agreed to negotiations on the contract extension on the basis of “no less favourable terms”, and requested the terms were submitted for Cabinet’s consideration. The key points of difference from the existing contracts are contained within the exempt appendix A.

5.2.b The financial forecasting in relation to these terms is provided in the financial comments section below and exempt Appendix A.

6 Options Considered

6.1 In addition to the options above the Council has the following additional option:

6.1.a Do nothing with the Leisure Contracts - this is not a recommended option, as will leave the Council with no leisure provision within the Melton Borough and no opportunity to recoup costs provided to support the enforced closures and remobilisation.

6.1.b To commence procurement – as detailed above, not a preferred option due to the pressing timescales and uncertainty about the provision of leisure in the post-covid environment.

7 Consultation

7.1 There has been significant engagement from internal stakeholder service areas and in regards to understanding the implications of each recommendation.

7.2 The Council has engaged with Sport England, in which a funding grant was received to appoint FMG Consultants for their expertise in Contract Extension & Procurement Options.

7.3 External legal advice was given to understand implications of current contract clauses, state aid & changes in law.

8 Next Steps – Implementation and Communication

8.1 Subject to Cabinet Approval, the contract extension for both the Waterfield Leisure Centre (WLC) and Melton Sports Village (MSV) sites for a period of 2 years will be actioned.

9 Financial Implications

9.1 The total support for the period April 2020 to March 2021 was agreed to be capped at £478k representing the waiving of the management fee (£250k) and the underwriting of the estimated net costs incurred during this period (£228k). To the end of January 2021 the council has provided £183k in support to underwrite losses for that period from April 2020. The remaining months are likely to bring the total support in line with the capped amount of £228k. However, for the period December 2021 to the end of the financial year the Council has been successful in obtaining sport grant funding of £80k to help offset the losses in this period. Therefore the total impact overall including management fee support is estimated to be £398k.

9.2 The Council has received a total of £675k in funding from the Government for 2020/21 which is expected to meet additional costs of the Covid crisis and we have also claimed £178k from the income guarantee scheme in respect of the leisure management fee.

9.3 For 2023/24 the contract terms are to return to pre-covid management fee arrangement so is in line with the MTFS.

9.4 The overall costs of Covid19 including the leisure provision is being monitored and regularly reported along with the impact on the council's reserves and balances of any unmet costs and income loss.

Financial Implications reviewed by: Section 151 Officer

10 Legal and Governance Implications

10.1 The UK government has issued guidance to local authorities and other public bodies who have outsourcing contracts or concession arrangements. In short the government's guidance is that local authorities <u>should</u> act to ensure suppliers at risk are in a position to resume normal contract delivery once the outbreak is over and, by implication, seek ways of providing support. Councils seeking to apply the guidance would be acting rationally and properly in public law terms.

10.1.a **Underwriting costs:** guidance suggests that local authorities should act to ensure leisure operators are supported, whilst restrictions remain in place, until in a position to resume normal contract delivery.

10.1.b **Deed of Variation, Contract Extensions & Subsidy Control (formerly State Aid):** Provided that the variation (to the existing concession arrangement or contract) route is adopted in principle, state aid should not arise – though a claw-back should be included to deal with the provider being better off doing nothing compared to it operating the service. External legal advice has being sought on this point to ensure the Council does not fall

foul of any state aid rules. The proposals also align with PPN 02/20 and also PPN 04/20 which updated Cabinet Office guidance with a view to lockdown restrictions being lifted.

10.1.c **Change in Law**: The adjustments to the Management Fee that SLM are entitled to claim are implemented through Clauses 56 (Waterfield) and 61 (Sports Village). Public sector outsourcing contracts such as the two leisure services contracts typically include a provision to apportion the cost risk of specific ("qualifying") changes in the country's laws. This means that contractors do not have to include a risk premium for these changes in their pricing which the public sector would pay even if that risk does not materialise. On balance these clauses result in better value for money for the public sector, however if the risk does materialise – as has been the case with the various Coronavirus Regulations in force since March 2020 – then the public sector bears the cost. These clauses provide that SLM should be put in a "no better and no worse" position that it would have been in (looking at each contract's financial model) had the Qualifying Change in Law not taken place. Therefore, under a strict contractual interpretation, SLM could bring a claim against the Council for a payment that compensates for all shortfalls in revenues (subject to SLM taking reasonable steps to mitigate its losses). It is therefore advisable for the Council to come to an agreed support settlement with SLM rather than risk a costly litigation which could result in a significant payment to SLM as well as payment of SLM's legal fees if the Court finds in SLM's favour.

10.1.d **Car parking –** the car park order may require a variation depending on the longer term agreement reached.

Legal Implications reviewed by: Monitoring Officer

11 Equality and Safeguarding Implications

11.1 The Coronavirus pandemic is a very human crisis. Individuals who have not been able to access or actively participate in their regular individual or group physical activities outside of their homes may, as a result of the restrictions, have been less physically active with longer screen time, worse diets and other associated factors resulting in the loss of physical fitness, weight gain and consequently widening the health inequalities gap. As well as the economic interests, the physical and mental health benefits of physical activity should therefore put the full remobilisation effort for Leisure facilities at the heart of recovery action.

12 Community Safety Implications

12.1 Availability of and participation in health and physical activity has a positive impact on community cohesion.

13 Environmental and Climate Change Implications

13.1 There are no implications to consider.

14 Other Implications

14.1 **Health & Wellbeing Implications:** Leisure services directly impact the health and wellbeing of users in a positive way, and ensure that users maintain an active healthy lifestyle.

14.2 **Procurement Implications:** If Cabinet recommends a formal procurement process, the Council will ensure it complies with the Public Contracts Regulation 2015 and the Contract Procedure Rules in terms of the process will be followed.

14.2.a The Council has a duty under the Public Services (Social Value) Act 2011 to have due regard to economic, social and environmental well-being in connection with public service contracts.

14.2.b Tenders for leisure service contracts will set out how they will meet the social value requirements, support the economy and reduce environmental impact.

15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Not recouping costs provided to support SLM during closure/remobilisation in line with the Medium Term Financial Strategy	High	Critical	High Risk
2	Limited appetite by leisure operators if go out for procurement	Significant	Critical	Medium Risk
3	No Leisure provision or opportunity to recoup costs as a result of doing nothing.	Low	Critical	Medium Risk
4	Financial Failure of the leisure operator	Low	Critical	Medium Risk
5	Reputational Impact if no leisure provision is provided	Low	Critical	Medium Risk
6	Operations do not return to normal post April 2021 necessitating further ongoing financial support	Significant	Critical	Medium Risk
7	Normal operations delayed beyond April 2021 due to resurgence of Covid 19, lack of vaccination and imposition of increased social distancing on a regular basis	High	Critical	High Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High			1,7	
	4 Significant			2 ,6	
	3 Low			3, 4, 5	
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	The Council and SLM have proposed a favourable profit share agreement for the Council in the contract extension that is consistent with prudent assumptions in the Medium Term Financial Strategy.
2	Test the market prior to going out to procurement, and looking at other Councils who may have gone out for procurement during these unprecedented times.
3	Leisure provision is important service to support the Council's Corporate Strategy, so would want to support the service continuity.
4	The Council have provided ongoing support in line with government guidance to leisure operator to ensure that this does not occur.
5	The Council have proactively engaged in partnership with Leisure Operator to ensure remobilisation of leisure services occurred.
6	Work with SLM to encourage residents to return to the leisure sites.
7	This risk is mitigated by the work of Government and Public Health agencies

16 Background Papers

16.1 No background papers.

17 Appendices

17.1 Appendix A – Comparison Table: Current Terms and Terms of Extension and Exempt Financial Implications

Report Author:	**Jake Betts**, Leisure & Culture Client Manager
Report Author Contact Details:	01664 502397 jbetts@melton.gov.uk
Chief Officer Responsible:	**Andrew Cotton**, Director for Housing and Communities
Chief Officer Contact Details:	01664 504322 acotton@melton.gov.uk

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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