

# MEETING OF THE RESOURCES POLICY DEVELOPMENT GROUP

THURSDAY, 19 MARCH 2015 2.00 PM



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## GROUP MEMBERS PRESENT

Councillor Mark Ashberry  
Councillor Jean Bevan  
Councillor Nick Craft (Chairman)  
Councillor Nick Robins

Councillor Bob Sandall  
Councillor Trevor Scott (Vice-Chairman)  
Councillor Jacky Smith

## OFFICERS

Strategic Director, Environment and  
Property (Tracey Blackwell)  
Corporate Finance Manager (Richard  
Wyles)  
Business Manager, Neighbourhoods  
(Mark Jones)  
Management Accountant Team Leader  
(Claire Roberts)  
Community Engagement and Policy  
Development Officer (Carol Drury)  
Principal Democracy Officer (Jo Toomey)

## OTHER MEMBERS PRESENT

Councillor Vic Kerr

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## 55. DISCLOSURE OF INTERESTS

No interests were disclosed.

## 56. ACTION NOTES FROM THE MEETING HELD ON 29 JANUARY 2015

The action notes from the meeting held on 29 January 2015 were noted.

## 57. FEEDBACK FROM THE EXECUTIVE

The PDG was notified that recommendations it had made during its last meeting relating to charges for pre-application planning advice, the Insurance Strategy and alternative methods of building homes had been accepted by Cabinet.

*Your council working for you*

## **58. CREATION AND OPERATION OF A LOCAL AUTHORITY COMPANY**

The Strategic Director, Environment and Property delivered a presentation with regard to a Local Authority Controlled Company (LACC). Members were advised that the authority would be required to become financially more self-sufficient. A LACC was a company limited by shares registered and incorporated at Companies House. Under the Localism Act 2011 a local authority was required to create an incorporated company if it wished to trade commercially. The company would be wholly owned by South Kesteven District Council.

The benefits of the proposal included:

- Reducing the authority's ongoing revenue costs
- Creating a new property asset base, generating a new revenue stream and increasing capital value over time
- Creating the opportunity to develop income streams from commercial activity

The creation of any company would begin with the identification of projects or activities to be delivered by the company on behalf of the Council. Each workstream would require the production of a comprehensive business plan. Staff time would be allocated to these areas of work and charged to the company. Any loans made to the company by the Council would be at market rates with interest coming back annually to the Council. Income generated would be offset by a net revenue benefit to the Council.

Members of the PDG discussed the presentation and making comments and asking questions covering:

- Whether legislation permitted the creation of a company limited by guarantee
- Whether any of the Council's existing assets could be transferred to the new company
- Staffing arrangements for the new company
- Flexibility within the market
- Identification of potential financial and reputational risks
- Any Housing Revenue Account land or assets would need to be used for delivering affordable housing

A majority of PDG members agreed with the principle of Local Authority Controlled Companies but some concerns were expressed. Members felt that there would be benefit to holding PDG workshops where representatives from other authorities who had set up LACCs could share their experiences.

### **Recommendation**

***Before the project are progressed, workshops of the Resources PDG (with Cabinet members invited to attend) should be held with other authorities who have set up Local Authority Controlled Companies.***

#### **59. QUESTION REFERRED FROM COUNCIL ON 2 MARCH 2015**

A question had been submitted to the Council meeting held on 2 March 2015, which asked how SKDC was planning to increase the locally agreed living wage to match the national living wage.

Officers explained that the national living wage (outside London) was £7.85. Members were reminded that the Council used local pay and conditions and during 2013/14 the Council adopted a local living wage arrangement, which was based on the East Midlands area, for lower paid staff; this was subject to annual review. It was anticipated that if those pay scales that were below the national living wage were elevated to meet it, it would cost approximate £47,000 plus oncosts. Members noted that local pay and conditions reflected national settlements while providing flexibility to exceed these.

A majority of members present felt that committing the council to align with the national living wage would not provide flexibility to respond to local changes in circumstance. PDG members expressed concerns about the additional costs and the impact that they would have on council tax payers in the district. There were also concerns that the calculation of the national living wage included a number of areas where the cost of living was significantly higher than South Kesteven.

### **Conclusion**

***Pay and conditions were reviewed annually as part of the Pay Policy Statement presented with the annual Budget. Most members of the PDG did not support aligning with the national living wage but agreed that the local living wage provided sufficient flexibility to enable pay and conditions to reflect the local environment.***

#### **60. POOL CARS**

The Business Manager, Neighbourhoods introduced the item by explaining about an integrated neighbourhoods project that would see multi-skilled frontline officers acting as a point of contact for their 'patch'. Adopting this method of service delivery has provided a key consideration for the review of fleet vehicles.

The current policy adopted by the Council required officers to use pool cars in the first instance, which meant some officers travelling to Grantham to collect a car and then on to their neighbourhood. This policy had seen personal mileage

claims reduce by an estimated 30%. Members were informed that following the introduction of an electronic management system for pool cars, utilisation had increased to 60%.

Ensuring the most efficient use of officer time and vehicles became a key driver for the review. A range of possible solutions were being considered as part of the review, including lease vehicles, staff using their own vehicles or continuing with a fleet. The most cost-effective way of replacing the fleet was using the district council's own capital for outright purchase. The other options that were assessed were leasing and borrowing to purchase outright.

Members noted that any solution would need to reflect restrictions around taxable benefits. Other suggestions included housing pool vehicles in Bourne and Stamford or changing the mileage rate to remove any taxable benefits.

## **61. REVIEW OF NEW HOMES BONUS AND COMMUNITY FUND CRITERIA**

The Corporate Finance Manager reminded Councillors that a community fund created from New Homes Bonus had been created within the 2015/16 budget.

He reminded members that the New Homes Bonus was a payment made to upper and lower tier councils to incentivise them to increase the number of available homes. Payments were based on the national average council tax band relevant to each property and paid annually for six years. It recognised newly built properties and conversions as well as bringing long-term empty properties back into use. Additional bonus payments were also made for each affordable home delivered. For those areas with both county and district councils, the payment was split so that 20% was paid to the county council and the remaining 80% was paid to the district council.

New Homes Bonus was not ring-fenced funding, which meant it was at the discretion of each local authority to determine how it should be spent. While some councils had chosen to absorb New Homes Bonus into its core funding, South Kesteven District Council's Medium Term Financial Strategy stated that it should not be used to underpin the General Fund.

He explained that the new fund was created to support community projects. To fulfil one of the basic criteria the projects would need to be delivered by formally constituted groups and organisations. It was intended there would be three tranches of funding made available through the year against which groups could submit bids.

Discussion ensued on the appropriate parties to determine those bids. A majority of members favoured a panel of councillors with a non-Councillor as Chairman. The PDG suggested that the panel should consist of the three chairmen of the PDGs (or in their absence, vice-chairmen). Members felt that this would provide sufficient flexibility to prevent members considering applications from their own Wards. There was agreement that one member of

the panel should not be a Councillor, with suggestions including a senior officer, a community representative or a representative from the South Lincolnshire Community and Voluntary Service. Most members of the PDG felt that an officer would be most appropriate to ensure neutrality and accountability.

Consideration was also given to allowing the South Lincolnshire Community and Voluntary Service determine applications but members of the PDG felt that accountability would be best achieved by keeping such decisions in-house.

It was proposed that grants, ranging from £500 to £10,000 could constitute a maximum of 80% of the funding for a project fitting into one of the following categories: community amenities, community buildings, community enterprise, community events and supporting communities. Grants could not be made for: projects that would result in private gain, anything going to other charitable organisations or social club profits, revenue costs of anything that would become regular activity. Applications could not be retrospective nor made in support of political or religious events. Awards would be limited to one per organisation unless they were for distinctly different projects.

Debate ensued on whether parish and town councils should be able to bid for funding. While the view was expressed that any projects for which parish or town councils needed funding should be anticipated when the precept was set, the consensus of the majority was that they should be able to apply to enable them to run community projects arising in-year.

***Recommendations:***

- ***Applications should be determined by a panel of three Councillors being the Chairmen (or in their absence the vice-Chairmen) of the policy development groups and a senior officer of the Council***
- ***The PDG supported the proposed criteria***
- ***Parish and town councils should be eligible to put forward funding bids for community projects***

**62. FINANCIAL UPDATE**

Members were given a brief update on use of the pay by mobile facility in the Council's car parks. Since its introduction in July 2014, usage of the facility had gradually increased, with those parking in Stamford making most use of the facility. It was noted that the introduction of the facility had not increased usage of the car parks.

The Management Accountant Team Leader summarised report number CFM312 which gave Councils an update of actual spend against budgeted levels and the forecast outturn at 31 January 2015.

The forecast outturn position for the General Fund had moved by £219k since

the last report presented to the PDG on 29 January, which meant a projected variance below budgeted levels of £503k at year-end. A number of key variances and the main movements were highlighted:

- Reductions in salary forecasting as a result of the corporate redesign and work within service areas to identify vacancies meant the Council was on track to achieve its workforce efficiency target
- Centralisation of budgets helped achieve £83k savings
- A forecast overspend of £64k against special expense areas as a result of changes to the service delivery model for grounds maintenance

Where projects had experienced delays and could not be completed in-year, managers had created setasides to allow completion.

The combination of forecast savings achieved through workforce efficiency and the impact of an overspend on grounds maintenance, led to a forecast underspend of £12k for the Housing Revenue Account, a movement of £99k since the last report.

There was one forecast movement on the General Fund Capital Programme based on the reprofiling of the St Peter's Hill Development. No movements were reported on the Housing Revenue Account Capital Programme.

At 31 January 2015 the actual FTE was 546.1 which was a variance of 23.4 FTE below the budgeted level.

In respect of the Local Authority Mortgage Scheme, the Corporate Finance Manager reported an emerging concern with the loan to value ratio falling behind as no postcodes for the south of the district were coming forward. He informed members that officers were working with estate agents in the district and suggested that it might be appropriate to review that level. The PDG was reassured that adjustments to the loan to value rate could be made mid-scheme. One member suggested establishing separate rates for the north of south of the district, however this was not possible within the existing scheme.

### **63. REPORTS FROM WORKING GROUPS**

A workshop of the Policy Development Group met to consider issues surrounding the provision of replacement cycle centre facilities as part of the St. Peter's Hill cinema development. Recommendations were based on research undertaken with users of the cycle centre and the conditions attached to the planning permission for the cinema development.

#### ***Recommendation***

<b><i>Charging Area</i></b>	<b><i>Cost full year</i></b>	<b><i>Cost half year</i></b>
<b><i>Access to the full facility (excluding</i></b>	<b><i>£48.00</i></b>	<b><i>£30.00</i></b>

<i>lockers)</i>		
<i>Exclusive access to a larger locker (for customers with access to full facility only)</i>	<b>£20.00</b>	<b>£15.00</b>
<i>Access to cycle storage and deposit lockers (no showers)</i>	<b>£24.00</b>	<b>£15.00</b>

- *Replace all small lockers with deposit lockers*
- *Access to toilets should not be restricted to users of the full facility*
- *Operating hours for the full facility to be 7am to 7pm (subject to ongoing monitoring)*

Following the working group meeting, the recommendations were informally forwarded to Cabinet and accepted.

#### **64. CLOSE OF MEETING**

*The Chairman thanked the members of the PDG for their efforts during the last four years. The Chairman added special thanks to the Vice-Chairman, Councillor Trevor Scott who was leaving the Council, for his support over the last six years. He also thanked the officers from the Finance and Legal and Democratic Service Teams who had provided support for the PDG. Members of the PDG also thanked the Chairman for his efforts.*

The meeting was closed at 16:29.