

MINUTES

CABINET
THURSDAY, 6 SEPTEMBER 2018



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

THE LEADER: Councillor Matthew Lee (Chairman)
THE DEPUTY LEADER: Councillor Kelham Cooke

CABINET MEMBERS PRESENT

Councillor Helen Goral
Councillor Dr Peter Moseley
Councillor Nick Neilson
Councillor Jacky Smith
Councillor Adam Stokes

NON-CABINET MEMBERS PRESENT

Councillor Ashley Baxter
Councillor Phil Dilks
Councillor David Taylor
Councillor Rosemary Trollope-Bellew
Councillor Linda Wootten

OFFICERS

Chief Executive (Aidan Rave)
Strategic Director, Growth (Paul Thomas)
Solicitor to the Council (Lucy Youles)
Assistant Chief Executive, Transformation & Change (Lee Sirdifield)
Assistant Director, Commercial & Operational (Ian Yates)
Assistant Director, Growth (Jane McDaid)
Assistant Director, Housing (Harry Rai)
Assistant Director Resources (Richard Wyles)
Head of Communications (Adrian Smith)
Principal Democracy Officer (Jo Toomey)

CO21. APOLOGIES

An apology for absence was received from Councillor Robins.

Apologies were also submitted by three Overview and Scrutiny Committee Chairmen:
Councillors Exton, Sampson and Ray Wootten.

CO22. MINUTES OF THE MEETING HELD ON 12 JULY 2018

The minutes of the meeting held on 12 July 2018 were agreed as a correct record.

CO23. DISCLOSURE OF INTERESTS (IF ANY)

No interests were disclosed.

CO24. *DELIVERSK

Decision:

- 1. Cabinet supports and approves the establishment of DeliverSK as described in report DSK002**
- 2. Cabinet delegates to the Cabinet Member for Growth and Communications, in consultation with the Strategic Director for Growth and the Strategic Director for Resources, authority to select and confirm the private sector partner for DeliverSK as discussed in report DSK002**
- 3. Cabinet delegates to the Cabinet Member for Growth and Communications, in consultation with the Strategic Director for Growth and the Strategic Director for Resources, authority to set up DeliverSK as detailed in report DSK002, entering into any necessary legal agreements needed to facilitate this**
- 4. Cabinet recommends to Council the approval of a budget of up to £100k for initial set-up costs and up to £500k as initial working capital for DeliverSK, and to delegate to the Cabinet Member for Growth and Communications, in consultation with the Strategic Director for Growth and the Strategic Director for Resources, authority to invest up to £500k (i.e. the working capital) in Deliver SK, once the company has been set up**
- 5. Cabinet seeks to recover a portion of the establishment costs for DeliverSK from the Partnership's future profits**
- 6. Cabinet approves the appointment of the Leader of the Council, the Deputy Leader of the Council and the Chief Executive as the Council's nominated Board Members for DeliverSK**
- 7. Cabinet requests that the Governance and Audit Committee considers any changes necessary to the Council's Treasury Management Strategy to allow the initial and future investments in DeliverSK activities and projects**
- 8. Cabinet authorises a governance review of all of the Council-owned companies and DeliverSK to ensure that decision-making is**

transparent and open, and that those companies are empowered to fulfil their stated purpose

Considerations/reasons for decision

1. Report number DSK002 of the Leader of the Council
2. The Council is seeking to add a further £1.2 billion to South Kesteven's economy by 2040
3. An announcement made by the Leader in October 2017 regarding £40m investment in strategic projects to be delivered or underway by 2020
4. The opportunity for the Council to work with an experienced private sector partner on a more agile, commercial basis on larger development projects
5. Detailed business cases would need to be approved for all projects
6. Potential inputs different partners could bring to DeliverSK and their benefits to the district
7. Working with a partner would share the ownership and risk
8. Companies seeking to be prospective partners would be considered as part of a selection process
9. Returns would be used to pay off project costs, then investments from both partners, then any profits would be split according to the proportion of investment made by each partner
10. The proposed management structure for the company as set out in report DSK002 with the amendment that the Deputy Leader would be a Board Member and not an observer [*Underlined text relates to clarification made as part of approval of the minutes at Cabinet on 1 November 2018*]
11. Indicative timelines for the formation of DeliverSK and commencement of activity
12. Assessment of risk and controls in place to mitigate identified risks
13. The role of the Governance and Audit Committee, which is to "monitor, review and amend as appropriate the Council's approved Treasury Management Strategy paying particular attention to the inherent risks of the prevailing economic/financial climate"
14. Comments and recommendations made by the Growth Overview and Scrutiny Committee at its meeting on 29 August 2018 and subsequent legal advice taken in respect of those recommendations

Other options considered and assessed

- **Option 1:** Do nothing

The Council could continue to serve primarily as a facilitator for growth, setting policy and creating a framework for the district's regeneration, but not take an active, participatory role. This has a number of disadvantages, not least of which is that the type of growth that comes forward and in what order will be something over which the Council has limited influence. SKDC's land assets will also remain unused. This approach is also inconsistent with the progressive, forward-thinking ethos that SKDC has embraced in recent times and will not unlock the district's potential. This option was therefore discarded.

- **Option 2:** Create a wholly owned company

The Council has created other companies – most recently InvestSK – that are wholly-owned, i.e. not formed with an external partner. This would mean all decisions around what DeliverSK did remained, effectively, in Council control, whereas in the LLP model proposed in this report decision-making is by consensus of both parties. Creating a wholly-owned company would see all of the risks associated with finance and development sitting with the Council, whereas in the proposed LLP model the Council would share the risk and have access to commercial skills and expertise it lacks.

- **Option 3:** Create a traditional Local Asset Backed Vehicle (LABV)

An LABV is a form of partnership or joint venture between a public body and a private sector investment partner, normally over the medium or long-term. The public partner generally inputs assets, with the private sector partner providing finance and technical expertise, including development management skills and also potentially the construction supply chain. There have been some high-profile examples created in the UK previously, but the LLP model proposed has some significant differences that create a better fit for SKDC.

For example, SKDC would not be procuring development management skills or contractors; DeliverSK would engage its own consultants/contractors as it moves forward with individual projects. In addition, it is common that LABVs have significant land assets transferred to them at inception, and that this drives the pipeline. This not only means more upfront commitment than is needed in the model proposed for DeliverSK, it also means it is more complex to create and operate, and that the Council is likely to have less control.

This type of vehicle tends to be lengthy and costly to set up and does not offer the Council the concentrated investment focus that it requires.

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The Leader introduced report DSK002, stating that he saw the formation of DeliverSK as a key tool to help meet the Council's growth ambitions. Reference was made to a meeting of the Growth Overview and Scrutiny Committee at which the formation of DeliverSK had been considered. A change was made to recommendation 6 as it was proposed that the Deputy Leader should be nominated to the Board of DeliverSK rather than acting as an observer [*Underlined text relates to clarification made as part of approval of the minutes at Cabinet on 1 November 2018*].

The Overview and Scrutiny Committee had made a number of recommendations, which Cabinet Members considered. The Cabinet agreed to incorporate recommendations about recovering a portion of establishment costs through the partnership's future profits and that there should be a review of the governance arrangements for DeliverSK and all of the Council's other companies. There was also recognition that as well as profits, any losses would be split between the partners in accordance with their investment inputs. Cabinet Members did not support the Committee's recommendation about the inclusion of a clause that 5% of the

investment amount be provided upfront by the investor as surety should the project fail as there was concern that this could deter potential partners. The Growth Overview and Scrutiny Committee also raised concerns regarding individual Cabinet Members having sole responsibility for decision-making on selection of a partner and entry into the partnership but reassurance was given that the Cabinet Member would be supported in decision-making by Cabinet colleagues.

Cabinet Members agreed the recommendations in the report together (with the change to the role of the Deputy Leader from an observer to a Board Member) *[Underlined text relates to clarification made as part of approval of the minutes at Cabinet on 1 November 2018]* with the two recommendations based on the comments made by the Growth Overview and Scrutiny Committee regarding governance and offsetting establishment costs.

CO25. DATA PROTECTION POLICY

Decision:

Cabinet approves the draft Data Protection Policy attached as Appendix 1 to report number LDS309

Considerations/reasons for decision

1. Report number LDS309 of the Deputy Leader of the Council and appendices, including the draft Data Protection Policy (Appendix 1) and procedure documents
2. The Data Protection Policy was last revised in 2015
3. The introduction of the Data Protection Act 2018 which implemented the General Data Protection Regulations (GDPR) into law on 25 May 2018
4. Comments and recommendations made by the Communities and Wellbeing Overview and Scrutiny Committee at its meeting on 31 July 2018
5. The six data protection principles with which anyone processing personal data must comply

Other options considered and assessed

There are no other options to consider

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In presenting report number LDS309, the Deputy Leader explained that it had been necessary to review the Council's Data Protection policy in light of new legislation. Cabinet Members approved the draft Data Protection Policy which was attached as appendix 1 to report LDS309.

CO26. RECTORY FARM - SUPPLEMENTARY PLANNING DOCUMENT

Decision:

The Cabinet approves the draft Rectory Farm Planning Brief (appended to report number DM13) for the purposes of consultation

Considerations/reasons for decision

1. Report number DM13 of the Cabinet Member for Growth and Communications including the appended draft Rectory Farm Planning Brief and associated masterplans
2. The adoption of a planning brief provides a tool to ensure that the development of parts of the site do not prejudice the delivery of the remainder of the site and that development is undertaken in a cohesive and comprehensive manner
3. Rectory Farm forms a phase of the Grantham North West Quadrant development
4. The drafting of the Supplementary Planning Document (SPD) has been supported by AECOM
5. The consultation process set out in Appendix 4 of report DM13
6. The equality analysis attached at Appendix 3 of report number DM13

Other options considered and assessed

- **To not proceed with the preparation of the Supplementary Planning Document**

An alternative would be to rely on developers to submit a planning application and hopefully engage in pre-application discussions. The preparation of the SPD is a more positive and proactive approach in that it provides guidance to developers, SKDC officers and the general public on the key issues and impacts to consider when assessing and submitting a planning application for phase 2 of the North West Quadrant

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The Cabinet Member for Growth and Communications presented the recommendations in report number DM13 and explained that this was a draft document for public consultation that would, once it was approved, add detail to the policies set out in the emerging local plan which could be applied when the Council was considering planning applications. The draft plan was intended to provide a tool to ensure cohesive, high quality development across a large site which comprised land across a number of different ownerships.

Cabinet Members spoke about the standards of design and reference was made to a design guide for the district that was in development. Cabinet Members also felt that it was important to learn from experiences of other sites in multiple ownership had been developed across the district. It was noted that once the document had been

subject to consultation, the document would be re-presented to Cabinet, together with the results of the consultation, for approval.

The Cabinet approved the recommendation as set out in report DM13.

CO27. MATTERS REFERRED TO CABINET BY THE COUNCIL OR OVERVIEW & SCRUTINY COMMITTEES

Report number LDS310 of the Leader of the Council summarised the activity of the Overview and Scrutiny Committees since the last report was presented to Cabinet on 12 July 2018.

Communities and Wellbeing Overview and Scrutiny Committee

Further to the update provided in report LDS310, Members were advised that the Committee was holding a workshop to which all Councillors were invited to receive further information in connection with health and wellbeing across the district.

Culture and Visitor Economy Overview and Scrutiny Committee

The Chairman of the Culture and Visitor Economy Overview and Scrutiny Committee referred to items considered at the Committee's previous meeting and gave a brief synopsis of the agenda items for the Committee's meeting taking place on 13 September 2018. Reference was also made to the opening of the Wyndham Park Visitor Centre on Sunday 9 September 2018.

CO28. ITEMS RAISED BY CABINET MEMBERS INCLUDING REPORTS ON KEY AND NON KEY DECISIONS TAKEN UNDER DELEGATED POWERS.

Report number LDS311 of the Leader of the Council informed the Cabinet of decisions that had been taken by individual Members since the last meeting of the Cabinet was held on 12 July 2018.

Appendix A related to the food and health and safety work plan 2018/19 and Appendix B to the approval (subject to consultation) of a proposed new lease with Stamford Bridge Club for the extension of their existing parking area.

CO29. REPRESENTATIONS RECEIVED FROM NON CABINET MEMBERS

Report number LDS312 of the Leader of the Council informed Cabinet Members that no non-Cabinet Members had submitted requests to speak prior to the publication of the agenda. Since the publication of the agenda, one Member, Councillor Baxter, had requested to make representations at the meeting, seeking to raise three issues.

The Brambles Development, Market Deeping

Reference was made to the Brambles development site in Market Deeping and a planning condition that related to works required to roads to bring them up to adoptable standard that should have been undertaken prior to the occupation of the

development. The Cabinet Member for Growth and Communications provided an update, stating that the developer had been given a week to formally respond, if they did not a breach of condition notice would be issued by the end of September. In the meantime negotiations with the developer would continue to try and reach a solution outside the enforcement process.

Deepings Saturday Market

An update was given on the progress of the proposal for a Saturday market in the Deepings. The initial consultation process had been completed and the outcome had been sent to Lincolnshire County Council Highways for them to carry out their own consultation on the closure of the short stay car park in the Market Place, which would be required to enable the market to proceed. Work was also under way to try to identify prospective traders for a Saturday market in the Deepings.

Deepings Leisure Centre

Members were advised that proposals for a new leisure centre in the Deepings had moved from the feasibility to business planning stage, which also included consideration of possible sites. It was still intended for construction to begin by 2020-21. Consideration was also being undertaken about leisure facilities in the other towns in the district.

CO30. CABINET FORWARD PLAN

Report number LDS313 of the Leader of the Council gave an indication of the items that would be presented to Cabinet. The report also included items that were scheduled to be considered at Council meetings during the municipal year.

15:07-15:23 – the meeting adjourned.

EXCLUSION OF THE PRESS AND PUBLIC

The Cabinet agreed to exclude the press and public during consideration of the following item of business because of the likelihood that information that was exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) would be disclosed to them.

CO31. *STRATEGIC REGENERATION ACQUISITIONS - LAND IN SOUTH KESTEVEN

Decision:

Cabinet authorises the acquisition of a parcel of land in the South Kesteven area (a) subject to contract, satisfactory replies to searches and enquiries and to the terms negotiated; and (b) subject to approval by Council of the necessary budget allocation.

Considerations/reasons for decision

1. Report number PD0095 of the Deputy Leader of the Council and the exempt appendices to the report
2. The Council's growth ambitions and the strategic importance of the site
3. Recommendations for financing the acquisition of the site and associated arrangements set out in the Council's Treasury Management Strategy and prudential indicators
4. Section 1 of the Localism Act 2011 and Section 111 of the Local Government Act 1972
5. Support of the proposal by the relevant Ward members

Other options considered and assessed

- Consideration has been given to not purchasing the site in question. However, in order to promote sustainable economic development in the area, this is regarded as an essential site.

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The Leader presented report number PD0095 and its exempt appendices. Cabinet Members approved the recommendations.

CO32. CLOSE OF MEETING

The meeting was closed at 15:30.

DATE DECISIONS EFFECTIVE:

Items CO24(1-3 and 5-8), CO25, CO26 and CO31(a) as made on Thursday 6 September 2018 can be implemented on Monday 17 September 2018 unless subject to call-in by the Chairman of the relevant Overview and Scrutiny Committee or any five Members of the Council form any political group. Items CO24(4) and CO31(b) stand referred to Council on 27 September 2018.